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ABSTRACT

This publication provides results of a longitudinal study of young firms and their owners. Data represent the responses of a national sample of new business owners (N=2,994) who were members of the National Federation of Independent Business in May 1985 and had been in business for no more than 17 months with the average respondent owning the business for 11 months. An 11-page summary of data discusses results pertaining to the type of people who form businesses, the firms they form, the business climate, changes in the businesses, and attitudes of owners after 3 years. Appendix I sequentially presents every survey question posed during the entire project and the new business owners' responses to them. It also presents firm or environment data that did not require the owner to respond but for which there were data from another source. Data are provided in unnumbered tables, identified in the upper left hand corner by the year in which the survey was conducted. Forty-nine pages of tables are provided. Appendix II is a note on sampling and methodology. Appendix III contains the regression results of selected "predictors" of new business survival and growth. Appendix IV consists of the three survey questionnaires used in the 3 years of the study. (YLB)

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The NFIB Foundation

NEW BUSINESS IN AMERICA

THE FIRMS & THEIR OWNERS

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New Business in America: The Firms & Their Owners

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Foreword

New Business in America: The Firms & Their Owners has three facets which combined make the study unique and important to the literature on entrepreneurship and new business formation. The first is that the sample used to produce the study's data focuses more carefully on young firms than does any national sample of businesses of which we are aware. No entrepreneur had been in business for more than 17 months at the time the study began. The average respondent owned the business just 11 months. A young sample such as this one is important for conducting research on new businesses. The younger the sample, the more accurate the estimated survival rates, the less the owner must rely on recall to report the firm's early activity, and the greater the number of changes that can be recorded contemporaneously. Most new business data (or samples to collect new business data) are drawn directly or indirectly from the files of Dun & Bradstreet. One research problem the D&B files create is that many firms, particularly in certain industry groups, either never enter the files or do not enter the files until well after they are established. Half of the owners in *New Business in America* owned firms that were not yet recorded in the Dun's files.

A second important facet is that the study is longitudinal, i.e., the same businesses and their owners were followed over time. This procedure is preferable to a cross-sectional analysis, i.e., a snapshot containing owners of firms of different ages, because it allows researchers to trace sequences of events within individual firms. The longitudinal procedure means that researchers are not forced to compare separate owners/businesses of different ages to make generalizations about changes over time.

Third, *New Business in America* brings together the owner and the business. Since national data is generally available only on the firm, most large new business studies focus on the organization exclusively. This project collected data on both the owner and the firm so that a more complete view of the process could be developed.

New Business in America was initially organized and developed by Arnold C. Cooper, Louis A. Weil, Jr., Professor of Management, Purdue University, and William C. Dunkelberg, Dean, School of Business and Management, Temple University, with the assistance of William J. Dennis, Jr., Senior Research Fellow, The NFIB Foundation. One year after the project began, Carolyn Y. Woo, Associate Professor of Management, Purdue University, joined the research team. However, many other people at Purdue, Temple and NFIB participated in important capacities. Jeffrey S. Van Hulle organized and maintained the data set; Debbi Johnson provided most of the runs for this publication; and, NFIB personnel in the San Mateo, California, office, particularly Ken Bussell, Cathi Cullop, and Joan O'Connor, played crucial roles in the data collection process. In addition, appreciation is extended to American Express Travel Related Services, Inc. for its support of this project.

The million plus pieces of data contained in *New Business in America* will require a considerable period to be throughly analyzed. In the interim, the authors are producing material that is being published in a variety of periodicals and conference proceedings. They anticipate completing additional analyses as rapidly as prudently possible. A list of completed papers is available from Professor Cooper.

The NFIB Foundation
August 1990

Summary of Results

Seventy-seven (77) percent of new businesses formed in America during the mid-1980s survived at least three years. Another 19 percent closed. Four percent were sold to new owners although it was not clear whether the transactions were "fire sales" or transfers of viable businesses. This survival estimate, developed from a national sample of 2,994 new businesses, proved somewhat higher than the survival estimates produced by David Birch (*Job Creation in America,* 1987) and the Small Business Administration (*State of Small Business,* 1989), both based on Dun & Bradstreet data sets.*

Survival was not synonymous with growth. Just 37 percent of surviving firms added to initial employment in their first three years. About one-third of this group, 11 percent of the entire sample, could be classified as growth firms, i.e., they increased employment by at least 50 percent with a minimum increase of four employees. Forty-seven (47) percent did not change employment levels and 15 percent experienced a decline of one or more.

People Who Form Businesses

New business owners came from all backgrounds and all parts of the country. They had heterogeneous goals, preparation and perceptions. When first becoming an owner, they were, on average, the same age as the adult population. Both had a median age a bit under 35. Few people formed their businesses before age 25 (Question 15, Year 1 survey). But the next 15 years proved the most productive for new venture creation. Fifty-six (56) percent of all new businesses were formed by people who were between 25 and 40 years

*One important reason for the difference in estimates is that the average respondent in this study had been in business 11 months at the first interview (none were older than 17 months) (Question 2, Year 1 survey). The number of months already in business when first interviewed was related to survival, though not to growth, all other factors equal. Those in business five months or less when the study began had a 71 percent survival rate.

Nearly 50 percent of the sample was not yet in the Dun's files (Q 32, Yr 1). Those in the Dun's files survived at a higher rate than did those that were not. Other changes in the firm's status such as the same business with a new name (not counted as a discontinuance in this study, problematic in its treatment by the Dun's files), presumably also leads to differences in estimated survival rates across studies.

old with the 30 to 34 age group the single most productive five year interval (21 percent). Owner age was related to business survival, all factors equal. Those forming businesses later in life were more likely to see their businesses survive three years than were those who started earlier, though their businesses were not necessarily more likely to grow.

New business owners whose firms survived tended to be "stable" people. They were more frequently married than peers of the same age and sex. For example, about 82 percent of new business owner males between 30 and 34 were married compared to 70 percent of males in the same age group among the general public (Q 7, Yr 1). Often a spouse provided a second income, indirectly helping the owner finance the new firm. One in three new business owners had a spouse with a full-time job and another 11 percent had a spouse working part-time. Female business owners were more likely than males to have a working spouse (64 percent for women vs. 40 percent for men). The labor force participation rate of new business owner spouses fell several percentage points below that of the comparable age groups in the general population. However, almost 50 percent of new formations received unpaid family labor (Q 4, Yr 1), suggesting that many "idle" spouses were diligently working in the business.

Nearly half of the new business owners held only 1-3 full-time jobs (with different organizations) prior to forming their own firms and another 27 percent held 4-5 (Q 25, Yr 1). In contrast, the number of prior jobs held by those in the general population ages 30 to 34 averaged 6.7 (Hall, *AER*, Sept. 1982). The fewer prior jobs the owner held before entry, all other factors equal, the greater the likelihood of survival.

Grade school dropouts occasionally succeed in their own businesses. However, new business owners were better educated than were those of similar age in the general population. They were much less likely to leave school prior to high school graduation and much more likely to have attended college. Fifty-eight (58) percent of the sample reported some exposure to college (Q 23, Yr 1) compared to 49 percent of 30-34 year olds in the general population, the most formally educated group in the nation's history. In addition, three of five took coursework in business subjects such as accounting, management, marketing or finance (Q 23a, Yr 1). Ten (10) percent reported 13 or more such courses.

Formal academic education was not the only type of training new business owners brought to their ventures. Fifty-seven (57) percent experienced some vocational or professional training (Q 24, Yr 1). More specifically, 25 percent reported training or courses leading to a certificate or license (Q 24a1, Yr 1); seven percent received occupational training

on active military duty (Q 24a3, Yr 1); nine percent reported taking some type of high school vocational program (Q 16a2, Yr 1); 24 percent received off-site employer-sponsored training in skills/products unique to the business (Q 24a5, Yr 1); and 19 percent received off-site employer sponsored training in general business skills (Q 24a4, Yr 1). Education did not end once an individual formed the firm. Despite extraordinary demands on time, 61 percent continued their education or training while operating their businesses (Q 16, Yr 3). The most common types were trade or professional association meetings or conventions with speakers and professional exchanges (43 percent) (Q 16a4, Yr 3) and courses or seminars to learn new skills, products or techniques used in the owner's line of business (41 percent) (Q 16a 3, Yr 3). A theme recurring in the study was that the small business owners' demand for knowledge focused on industry-specific information/skills rather than general business information/skills. Moreover, neither education nor training was related to survival or growth, all factors equal.

Most new business owners brought some supervisory experience to the job. Just 19 percent reported "none" (Q 19, Yr 1). At the other extreme, 11 percent supervised managers at some point prior to business entry and 26 percent previously owned another business. Fourteen (14) percent indicated that they left their own business to enter the current firm (Q 18, Yr 1). However, supervisory experience was not related to survival. The reason appeared to be that most new business owners were more deeply involved in "doing" than in "supervising." As late as the second year of operation, nearly one in two reported spending more than 25 percent of their time selling or in direct customer contact (Q 21, Yr 2; also see, Q 18, Yr 3). A non-mutually exclusive one in four reported spending more than 25 percent of their time directly producing a product or service. In contrast, less than one in ten spent that much time managing people and virtually none spent that much time planning firm growth or arranging financing, functions typically associated with managing a business.

Doing rather than supervising also fit the owners' predisposition. Thirty-eight (38) percent felt more comfortable selling or handling technical issues than managing (Q 31c, Yr 1); 28 percent felt the opposite and the remainder expressed no preference. However, the preference for "doing" did not prevent many owners from establishing formal business controls. Forty-one (41) percent indicated that the operating controls in their business were in writing (Q 31b, Yr 1) compared to 20 percent who indicated they were not. But it was the latter group — where controls were not in writing — that was more likely to survive, all factors equal.

Two popular media topics are executives who decide to leave the corporation and form their own businesses and

unemployed people who, out of desperation, create a business (job). Neither was typical. Only 16 percent reported that their job prior to forming the business was in a large firm (1,000 employees or more) (Q 18, Yr 1), let alone employed there as an executive. The most common prior employer was another small business (100 employees or less). Just six percent reported that they had previously not been working (including new college graduates), though 24 percent indicated that they left their previous job because the job was discontinued, they were fired or they quit with no plans (Q 20, Yr 1).

New business owners are usually local people. Almost 80 percent reported that they did not move their residence to form the business (Q 16, Yr 1). Just 10 percent moved 150 miles or more. Slightly less than half had a parent or guardian who at one time owned his or her own business (Q 22, Yr 1). This experience appeared beneficial as those with a business owner parent were more likely to survive, all other factors equal.

Twenty-two (22) percent of the sample were women (Q 33, Yr 1), about the expected proportion given the exclusion of part-time ventures. Six percent were government designated minorities (Q 34, Yr 1), also about the expected proportion. Minority firms were less likely to survive and women-owned firms were less likely to grow, all factors equal.

New business owners are optimists. One of three reported that their chances of success were 10 out of 10 (Q 39, Yr 1); they couldn't miss! Another 37 percent placed their chances at 8 or 9 out of 10. In contrast, just 27 percent felt that the odds of success for someone else entering a business like theirs were 8 out of 10 or better (Q 38, Yr 1). Their optimism appeared well founded. The more optimistic the new business owner, the greater his chances of survival and growth (marginally), all other factors equal.

The Firms They Form

Many business experts emphasize the need for planning a new business venture; others focus on the need for entrepreneurial alertness. The new business population is a product of both. Deliberate planning and decision-making is the most typical process of business entry. Forty-three (43) percent reported that they seriously considered the step for a long time and that things finally came together (Q 13, Yr 1). However, quick action to capture an opportunity was characteristic of a large number of new entries. Twenty-eight (28) percent reported relatively brief planning and decision-making time frames. This group described their entry process as "a good opportunity came along and I jumped." Thirteen (13) percent reported a short planning and deliberate decision-making process while 14 percent reported a deliberate planning and a brief decision-making process. No one entry process seemed to produce a superior survival rate.

Although the majority went through a relatively lengthy planning period prior to business entry, 87 percent reported that the time between their first business expenditure of $500 or more and their first cash receipt (sale) was three months or less (Q 2a, Yr 1). Just three percent reported the time to be seven months or more.

About 7 of 10 new businesses (69 percent) began without partners or full-time investors (Q 17, Yr 1). Two in 10 had one partner or full-time investor and the remainder had more than one. Ten (10) percent reported less than 50 percent ownership (Q 37, Yr 1) of their firms.

Partners changed frequently during the formative years of the venture, with more losing partners than gaining them (Q 5, Yr 2 and Q 5, Yr 3). However, new businesses that initially had partners were more likely to survive and grow, all factors equal. Study data provided no reason for the greater durability of these firms, though greater initial resources (separately related to survival) and complementary expertise of the owner/partners probably played a role.

No matter what the ownership structure, most new ventures were started from scratch. Individuals started two-thirds (64 percent) of the businesses formed (Q 11, Yr 1). The other major route to business ownership, purchase of an existing firm, constituted about 30 percent of formations. The remainder involved inheritances (or purchase from a family member) and various methods of bringing an individual into the ownership structure of an existing firm. Take-over of existing firms was marginally related to survival, while start-ups were marginally related to growth, all factors equal.

Most new businesses were in the retail (46 percent) or nonprofessional service (19 percent) sectors (Q1, Yr 1). They were also the least likely to survive and grow, all factors equal. Just 73 percent in retail and 75 percent in the services survived compared to 85 percent in the professional services, 83 percent in the financial services and 82 percent in manufacturing.

One-quarter (26 percent) began operations with some type of franchise though just 12 percent reported that at least three-quarters of their sales came from franchised goods or services (Q 10, Yr 1). The latter corresponds to the number who operated under a franchise name (11 percent) (Q 10a, Yr 1). No relationship existed between the possession of a franchise or operation under a franchise name and survival. However, a negative relationship existed between the percent of franchised sales and growth.

Most new businesses begin very small. Excluding part-time operations, only about one in ten began with ten employees or more and over half began with two or less (Q 3, Yr 1). Despite the small size of most new business operations, their markets appeared geographically large. Just one-third reported that 80 percent of their customers were lo-

cated within a 10 mile radius (Q 27, Yr 1). The fraction rose to five-sixths when the radius extended to 50 miles.

One type of very small business — home-based business — proved no more fragile than others. However, this type of small firm was less likely to grow. Just seven percent of the sample began operations in the home (Q 26, Yr 1), a vastly smaller proportion than if part-time operations had been included in the study.

A majority of new owners initially worked more than 60 hours per week in the firm (Q 5, Yr 1), reducing hours gradually by small amounts as the firm matured (Q 1, Yr 2 and Q 1, Yr 3). Those working less than 60 and more than 69 hours per week were more likely to experience a subsequent discontinuance than were those working 60 to 69 hours per week, all factors equal. They were also less likely to experience growth. Working extreme hours apparently was as unhealthy as working too few. Outside employment may be a distraction or result in non-optimal hours worked in the business; it may also be associated with businesses that were less promising from the start. The 78 percent without an outside job were more likely to survive, all factors equal, than were others (Q6, Yr 1).

New business owners appear to enjoy work. Not only did they put in long hours, but 83 percent reported that they would continue to work even if they had enough money to live as comfortably as they would like for the rest of their lives (Q 22, Yr 2). New business owners were eight percentage points more likely to make that assertion than was the general population (*Public Opinion*, Sept/Oct 1987).

The "free" labor provided by the owner and his/her family often substitutes for capital, helping make it possible to form a business with relatively little money. Nearly 50 percent of all new businesses were initially capitalized at $20,000 or less; just over 10 percent were capitalized at $100,000 or more (Q 35, Yr 1). While the median capital investment increased to the $60,000 range after the first three years of operation (Q 17, Yr 3), comparatively few firms began with or soon accumulated significant financial resources. However, more initial capital was associated with higher survival though not higher growth rates, all other factors equal. Over 82 percent of those initially capitalized at more than $50,000 survived while only 74 percent of those capitalized at less than $20,000 were still operating after three years.

Most new business owners rely heavily on their own resources to finance their ventures. Three-quarters used their savings and one-quarter financed their firm exclusively from personal resources (Q 36, Yr 1). However, banks and other lending institutions provided some capital (in the form of loans) to about 45 percent. Family and friends helped capitalize more than one-quarter. If a business were purchased, the former owner helped finance the new venture at least

one-third of the time. Outside investors were involved in only about one new firm in 10, though firms with outside investors were more likely to grow, all factors equal. The number of new business owners who used either institutionalized venture capital or government programs was negligible.

New business owners sought counsel from a variety of sources when planning their venture with accountants and bookkeepers most often considered very important sources (46 percent) (Q 29, Yr 1). Bankers (32 percent), other business owners (28 percent), and suppliers (28 percent) were also frequently characterized as "very important." However, the relative importance of information sources changed as the business matured. While the perceived value of accountants/bookkeepers and suppliers retained their initial level of importance, most other business information sources, particularly bankers and lawyers, declined in use and importance (Q 19, Yr 2 and Q 20, Yr 3). Those who thought government sources very important were less likely to survive, all other factors equal.

Most new businesses were either very much like the organization in which the owner was just employed or very different from it. There was little between. The products/services of 31 percent of the new firms were no different than the ones sold in the organization where the new owner was most recently employed (Q 21a, Yr 1). Twenty-nine (29) percent reported the same customers (Q 21b, Yr 1) and 30 percent said the suppliers were the same (Q 21c, Yr 1). Thus, about one-third of all new ventures appeared to be direct attempts to utilize knowledge or contacts gained in existing organizations. Similarity to the owner's prior employment activity did not result in a higher survival rate, but great dissimilarity resulted in a higher discontinuance rate. Thirty-nine (39) percent reported their products or services were very different than those sold by the organization that previously employed them; somewhat fewer had a very different customer base and about the same number used very different suppliers. Thus, more than a third were total departures from the owner's prior organization.

The similarity of new ventures to those of the owner's immediate prior employer reflected the source of new business ideas. Forty-three (43) percent indicated their business idea came from a previous job (Q 14, Yr 1); another six percent indicated it came from a family business. Thus, about half of the new business ideas were drawn from the workplace. Others were drawn from the personal side of the individual's experience. For example, the second most frequent source for a new business idea was a personal interest or hobby (18 percent). The third most important source was a chance happening of some type. The initial size of the business reflected the source of the business idea. Ideas emanating from work experience usually resulted in the formation

of larger businesses; ideas emanating from hobbies or personal interests resulted in smaller ones. But if the idea came from a previous job, the business was more likely to grow, all other factors equal, than if it came from another source.

Few new business owners planned an archetypal business strategy to the exclusion of others. Most chose elements of several strategies and molded them to fit their particular firm (Q 30, Yr 1). However, new business owners were much more likely to include large doses of "better service" and a reputation for quality than other elements. Nearly 85 percent claimed that "better service" was part of their strategy; 12 percent said it constituted more than 50 percent of it. When the owner assigned more than 40 percent of the strategy to better service, the chances of the business surviving three years rose, all factors equal. Eighty (80) percent claimed a "reputation for quality" as part of their strategy, but this emphasis did not appear to result in above average survival rates. The third most common element in new business strategies was "lower prices." However, reliance on lower prices as a new business strategy was associated with higher discontinuance rates.

Two other elements of the initial strategy were related to survival. If 40 percent or more of the strategy was focused on providing previously unavailable products/services, survival chances rose. However, if 40 percent or more of the strategy focused on targeting poorly served or missed customer groups, survival chances fell.

Business Climate

The study was conducted during a period of general economic expansion. While the business climate, as measured by the 1985 unemployment rate of each firm's state (*Statistical Abstract of the United States*), bore no relationship to either survival or growth, the change in the business climate, as measured by the 1985 unemployment rate divided by the 1987 unemployment rate, was related to both. The more rapid the business climate's improvement, the more likely businesses were to survive and grow.

New business owners believed their businesses and the business environment were changing, the latter in a favorable manner. Sixty-one (61) percent reported their business was changing rapidly (Q 31d, Yr 1); just 14 percent reported it wasn't. Initially, respondents forecast that the number of customers and the amount of sales in the markets they planned to serve would grow substantially over the next five years. For example, 39 percent projected average annual market sales growth to be more than 10 percent (Q 28c, Yr 1). However, after one year of experience, their forecasts waned. Just 28 percent projected average annual sales increases of 10 percent or more (Q 18c, Yr 2). Despite the retrenched market forecasts, new business owners believed that their sales were generally meeting expectations. Twenty-seven (27) percent reported sales were higher than

expected (Q 12a, Yr 2); 43 percent reported them as expected, and 29 percent reported them lower than expected. One year later, the proportions that suggested satisfaction with sales levels was about the same — 29 percent, higher than expected, 37 percent, same as expected, and 32 percent, lower than expected (Q 12a, Yr 3). No relationship existed between the magnitude of sales forecasts and survival and growth, but those who could not ("don't know") or would not (N/A) forecast their sales were more likely to cease operations, all factors equal.

The primary competitor for these new businesses was a larger firm, but one not substantially larger. Just 25 percent believed that their primary competition came from a business more than 5 times its size, though 23 percent could not identify the primary competitor (Q 14, Yr 2). Forecasts of change in the number of competitors indicated that new business owners projected modest increases (Q 28b, Yr 1 and Q 18, Yr 2). Differing from the sales forecast, the forecast of changes in the number of competitors did not change between the first and second year.

A market decline is usually a major impediment to business development. About 10 percent in each of the second and third years reported a serious market decline the prior 12 months (Q 11a, Yr 2 and Q 11a, Yr 3). Credit availability was the second most frequently encountered impediment to new business development (Q 11f, Yr 2 and Q 11f, Yr 3). Eight percent cited this impediment in the second year and six percent in the third. Other impediments considered serious were noted less frequently. However, once any impediment was determined to be serious, the likelihood of subsequent survival diminished markedly, all factors equal. Family problems represented the extreme example. While relatively few cited family problems (including health) as a major impediment, a serious family problem was highly related to subsequent discontinuance.

Changes in the Businesses

Businesses change as they age; some change quite dramatically. For example, by the end of the second year, 12 percent had moved business locations (Q 10c, Yr 2), 5 percent had changed business names (Q 10e, Yr 2), and 6 percent had new branches or added locations. Eight percent changed day-to-day managers in the third year (Q 6, Yr 3). Most changes were more mundane, however. Twenty-one (21) percent reported greater floor space in the second year than in the first (Q 10h, Yr 2) and 20 percent reported more in the third year than in the second (Q 10h, Yr 3).

The most common change involved major shifts in the mix of products and services. Half (50 percent) reported introducing new products and services in their second year of operation and 43 percent did so in the third year (Q 10a, Yr 2 and Q 10a, Yr 3). Meanwhile, 19 percent and 20 percent respectively dropped product lines or services (Q 10b,

Yr 2 and Q 10b, Yr 3).

Possibly associated with the changing product/service mix were substantial changes in advertising/promotion and pricing. In the second year of operation, 32 percent increased their advertising and promotion while 17 percent reduced them (Q 10g, Yr 2). But almost an identical number raised relative prices (16 percent) as lowered them (14 percent) (Q 10f, Yr 2). The pace of change slowed in the succeeding 12 months. Just 25 percent increased advertising and promotion while 20 percent reduced them (Q 10g, Yr 3). However, the proportions making relative price changes were almost identical to the prior year (Q 10f, Yr 3).

Major changes in new businesses are frequent and usually healthy adjustments to existing circumstances. For the most part, they are not a distress signal. Major changes in products or services (either adding or dropping) were not related to either survival or growth. The same was true with changes in relative prices and advertising/promotion. Adding locations or moving the primary location were not related either. Changing business names did appear to signify trouble, however. It was related to discontinuance. Decreased business assets and reduced floor space also were negatively related to survival.

While most new businesses did not increase employment, most did increase assets. A majority reported increasing assets over the prior 12 months; 62 percent increased them after the first year and 57 percent after the second (Q 8, Yr 2 and Q 8, Yr 3). Business earnings usually financed the new assets. Almost 70 percent reinvested business earnings in the second year and nearly as many did the year following (Q 9, Yr 2 and Q 9, Yr 3). Trade credit and bank loans were also important sources of funds. By the third year, trade credit, which was rarely used to help initiate the business, became the second most frequently used source of financing. New investors were rare additions once a new business began operations.

New business owners appeared to have few illusions when they formed their businesses. At most only about 10 percent reported that any particular aspect of the business was "much more" difficult than originally expected (Q 13a-j, Yr 2). The number who claimed a particular aspect of the operation easier than expected normally outpaced the number who thought it harder than expected. For example, 24 percent said that getting financing was more difficult than expected, but 46 percent said it was easier (Q 13d, Yr 2). "Government regulation and red tape" proved the major exception. It blindsided new business owners. Thirty-three (33) percent reported the problem much more difficult than expected and another 21 percent said it was more difficult (Q 13j, Yr 2). Just 19 percent said government regulation and red tape was not as bad as they thought it would be.

"Controlling Costs" proved the only other element with at least a plurality believing it was more difficult than expected (Q13f, Yr 2).

As the new businesses became more stable and their longevity rose, employees appeared to be among the first to benefit. Nearly three of five indicated that employee wages had increased (Q 19, Yr 3), a majority of those by more than 10 percent. Just over 30 percent increased employee benefits (Q 19a, Yr 3). The emphasis on wages was not surprising. New business owners believed the best way to motivate employees was good wages (Q 20b, Yr 2), personal/friendly relations (Q 20a, Yr 2), and shared decisions/greater responsibility (Q 20d, Yr 2). They believed the least important ways were extensive fringe benefits (Q 20c, Yr 2), close supervision (Q 20e, Yr 2), and profit-sharing (Q 20f, Yr 2).

Looking Back

Owners of firms surviving three years expressed few regrets over their decision to form a business. Eighty-two (82) percent said that they would still form their business even knowing then what they know now (Q 23, Yr 3). About half of that number would make major changes in the way it was done, but only 14 percent said they would not start this particular business again. Just three percent were so disillusioned that they would never form another business. Yet, many did not obtain as much personal satisfaction from the experience as they thought they would. One in five (21 percent) reported more personal satisfaction than expected and another 43 percent reported as much as expected (Q12c, Yr 3). But one in three (32 percent) was disappointed.

A sense of accomplishment and fulfillment of the objectives that initially motivated the business formation was a source of the generally positive views that surviving owners had of their experiences. The most important motivations behind these entrepreneurial activities were to: "use my skills and abilities" (Q 40g, Yr 1), "have greater control over my life" (Q 40e, Yr 1), "build something for my family" (Q 40c, Yr 1), and "[liked] the challenge" (Q 40a, Yr 1). Three years after formation, the percentage reporting satisfaction with "using skills and abilities" (Q 22g, Yr 3), "overcoming a challenge" (Q 22a, Yr 3), "gaining more respect and recognition" (Q 22b, Yr 3), "fulfilling expectations others had of me" (Q 22f, Yr 3), and "living where and how I like" (Q 22i, Yr 3) outstripped the number originally citing them as important motivations or goals.

Disappointments accompanied the sense of accomplishment. The greatest disappointment stemmed from the lack of financial success. By a 3½ to 1 margin business owners in their third year of operation reported lower profits than originally expected (52 percent) compared to those reporting higher profits than originally expected (15 percent) (Q 12b, Yr 3). "Earning lots of money" was not one of the

most frequently cited important motivations for forming a business. Less than one in five indicated it was a very important motivation (Q 40d, Yr 1). Yet, just 20 percent said they were satisfied with the return on their effort and investment. The same was true for one motivation that was originally among the most important — "building something for my family." Seventy-four (74) percent reported "building something for my family" an important motivation when forming the business (Q 40c, Yr 1). But just 58 percent indicated satisfaction on that count (Q 22c, Yr 3).

The amount of money taken out of the business in the form of salary, draw, dividends, etc. during the third year, explained their views. While 20 percent did not answer the question, just 7 percent reported taking out $50,000 or more in the last 12 months (Q 24, Yr 3). Twenty-three (23) percent reported taking out less than $10,000.

New business owners were also disappointed in the control they had over their lives. Seventy-eight (78) percent saw "control over their lives" as an important motivation (Q 40e, Yr 1). But after three years of long hours, many questioned whether they control their lives or whether the business controls it for them. Just 61 percent reported satisfaction in fulfilling this objective (Q 22e, Yr 3).

Direct experience left business owners more circumspect about their children going into business for themselves than did the general public's glamorized version of the process. One recent national poll of adult Americans showed that over 90 percent would approve of a son or daughter going into business for himself or herself (Jackson, *The American Entrepreneurial and Small Business Culture*, NFIB, 1986). New business owners were less enthusiastic. Just 54 percent would approve; 29 percent including 11 percent non-respondents were neutral; 17 percent would disapprove (Q 21, Yr 3).

After three years of business ownership, enthusiasm appeared tempered by reality. Business owners were more likely to be aware of the negative as well as the positive aspects of "entrepreneurship." But the vast majority of survivors were glad they went into business for themselves and would do so again.

Appendix I: Summary of Data

Appendix I sequentially presents every survey question posed during the entire project and the new business owners' responses to them. It also presents firm or environment data which did not require the owner to respond, but for which there were data from another source, e.g., legal status. These data are presented together in easily identifiable unnumbered tables.

Reading the Tables

This project involved three separate surveys in three separate years. The year in which the survey was conducted is enumerated in the upper left hand corner of every page. The top of each page also presents a row containing the headings (DISCONTINUED, SOLD, etc.). The first five headings, i.e., DISCONTINUED to the first N, relate to survival and non-survival of the business at the end of three years. The second five headings, i.e., DECLINE to the second N, relate to employee growth of surviving firms.

The column under DISCONTINUED presents the percent of firms which were not operating at the end of three years. The column under SOLD presents the percent of firms which were sold to a new owner before the end of the three year period. The column under SURVIVED presents the percent which were still operating after three years. The figures in these three rows horizontally add to 100 percent (not presented). The column under ROW % presents the percent of respondents who provided the particular answer found in the left-hand column. The figures in the column under ROW % for each question vertically add to 100 percent (not presented). The column under "N" presents the absolute number who provided the response found in the left-hand column. Thus, the N in a particular row divided by the total N equals the ROW %.

The column under DECLINE presents the percent of surviving firms that after three years employed at least one fewer person in the third year than in the first. The column under STABLE presents the percent of surviving firms that did not change employment between the first and third year by more than a single part-time employee. The column under EXPAND presents the percent of surviving firms that added at least one employee between the first and third years.

but is not a GROW firm. The column under GROW presents the percent of surviving firms that increased employment between the first and third year by at least 50 percent with a minimum of four additional employees. The four figures in each row add to 100 percent (not presented). The column under N is the number that survived three years and for which we have data in the year of the survey being examined.

To illustrate, Question 1 of YEAR ONE asks the respondent for the industry of his major business activity. The first possible response is construction. Appendix I tells us that 219 respondents (N) or 7 percent (ROW %) of the total indicated that they were in the construction industry during their first year of operation. Of that 219 contractors, 17 percent (DISCONTINUED) did not survive the third year and 4 percent (SOLD) were sold before the end of the period. Seventy-nine (79) percent (SURVIVED) were still operating at the end of the third year. Of the 76 (N) contractors who survived and for whom we have third year data, 11 percent (DECLINE) experienced a decline in employment over the three years. Thirty-eight (38) percent (STABLE) didn't change employment for all practical purposes over the period. Twenty-nine (29) percent (EXPAND) expanded as the term was earlier defined and 22 percent (GROW) grew, also as earlier defined.

The total for the entire population is presented at the top of each page to facilitate comparisons.

Summary Tables

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
1. Please classify your major business activity, using one of the categories of examples below.										
Industry										
Construction	17	4	79	7	219	11	38	29	22	76
Manufacturing	15	3	82	8	234	20	33	30	19	78
Trans/Comm	21	2	77	2	73	–	–	–	–	20
Wholesale	17	3	80	4	127	21	42	19	19	43
Retail	22	5	73	46	1375	16	53	25	6	367
Agriculture	8	2	90	2	62	–	–	–	–	23
Finance	12	5	83	5	146	17	35	31	17	48
Services	19	6	75	19	574	14	47	30	10	148
Professions	12	3	85	5	162	9	52	27	11	71
N/A	–	–	–	1	22	–	–	–	–	3
2. When did your firm register its first sale (under your ownership or principal management)?										
Dates										
Jan 85–May 85	25	4	71	9	558	15	42	28	15	133
July 84–Dec 84	19	5	76	40	1204	13	49	27	11	363
Jan 84–June 84	16	5	79	36	1090	16	49	26	9	339
N/A	18	3	79	5	142	29	38	19	14	42
2a. How long was it between your first business expenditure of $500 or more and your first cash receipt (sale)?										
Time Between First Expenditure and Sale										
1–3 Months	19	4	77	87	2616	15	47	27	11	761
4–6 Months	22	2	76	6	178	16	46	26	12	57
7–9 Months	13	3	84	1	30	–	–	–	–	11
10–12 Months	15	2	83	2	46	–	–	–	–	12
More than 12 Months	–	–	–	*	12	–	–	–	–	5
N/A	25	5	70	4	112	10	55	29	6	31

Reading the Tables –

Survival Status After Three Years:

Discontinued – No Longer Operating
Sold – Business Sold
Survived – Business Operating
Row % – Percent of Respondents in the Nominal Classification to the Far Left
N[1] – Number of Respondents to That Year's Questionnaire

Growth Status of Three Year Survivors (Employment Change Between Years 1 and 3):

Decline – Lost One or More Employees
Stable – No Change in Employment
Expand – Added at Least One Employee, But Not a Growth Firm
Grow – Increased Employment at Least 50% with a Minimum of 4 Additional Employees
N[2] – Number of Respondents to That Year and the Third Year Questionnaires

N/A – No Answer
* – Less than 0.5%
– – Too Few Cases

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
3. On average how many full and part-time employees do you have (including yourself)?										
Employment Size (2 part-time = 1 full-time)										
Less than 2	24	5	71	26	777	*	62	32	5	188
2–3	20	4	76	23	694	11	53	29	8	191
3–6	17	5	78	32	945	16	48	26	10	294
6–10	18	2	80	10	296	24	36	18	22	98
10 or More	12	4	84	9	276	39	22	18	21	106
N/A	–	–	–	*	6	–	–	–	–	0
4. How many unpaid family members are there that work for the firm?										
Number										
One	17	4	79	25	739	8	57	26	9	212
Two	20	5	75	15	454	18	48	23	11	142
Three or more	25	5	70	9	276	18	57	21	4	67
None/NA	19	4	77	51	1525	17	42	28	3	456
4a. How many hours per week in total do these unpaid family members work?										
Unpaid Family Hours										
1–9 Hours	18	4	78	13	388	15	53	24	9	118
10–19 Hours	19	6	75	10	311	13	56	25	6	100
20–29 Hours	20	3	77	8	230	5	59	24	13	64
30–39 Hours	14	5	81	4	114	18	58	15	9	33
40 Hours or More	24	4	73	13	397	17	45	30	9	105
N/A	19	4	77	52	1554	17	42	28	13	457
5. About how many hours per week do you work for the firm?										
Hours Worked in Firm Per Week										
1–39 Hours	25	6	69	8	234	18	55	21	5	56
40–49 Hours	21	3	76	15	444	17	53	20	10	136
50–59 Hours	19	5	76	23	691	13	47	28	11	186
60–69 Hours	15	5	80	28	850	13	48	29	10	281
70–79 Hours	20	5	75	13	373	15	39	28	18	113
80 Hours or More	21	3	76	12	349	21	46	24	9	91
N/A	15	8	77	1	53	–	–	–	–	14
6. In your first year of business, did/do you have:										
Work Outside Business										
Full-Time	27	5	68	8	238	19	48	24	9	54
Part-Time	21	6	73	7	198	16	56	18	10	50
Irregular	27	3	70	4	133	15	50	23	13	40
None	17	5	78	78	2337	15	46	27	12	709
N/A	24	3	73	3	88	–	–	–	–	24

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877

7. In your first year of business, did/does your spouse or other adult family member residing with you, have an income-producing job other than working for your firm?

Other Family Income										
No Spouse	24	5	71	13	385	15	49	23	12	92
Spouse — No Job	17	5	79	34	1029	17	46	25	13	319
Spouse — Full-Time	19	5	76	35	1035	13	50	28	9	297
Spouse — Part-Time	15	3	82	11	336	17	46	27	11	113
Relative — Full-Time	34	5	61	3	85	–	–	–	–	20
Relative — Part-Time	20	7	73	1	30	–	–	–	–	9
N/A	23	4	73	3	94	22	33	38	7	27

8. What do you estimate that your gross sales or revenues were/will be in your first year of business?

First Year Gross Sales (in 000s)										
Less than $50	24	5	72	33	1002	14	54	26	6	250
$50–99	18	5	77	24	720	10	52	28	10	204
$100–199	18	4	78	16	480	13	48	29	11	159
$200–349	16	4	81	9	270	21	39	21	20	97
$350–499	12	5	83	4	130	21	49	19	11	47
$500–749	16	8	76	3	76	–	–	–	–	21
$750–999	4	4	92	2	51	–	–	–	–	21
$1000–2999	12	3	85	3	81	29	37	11	23	35
$3000 and Over	15	11	74	1	34	–	–	–	–	11
N/A	21	2	77	5	150	18	38	38	6	32

9. How large do you expect your gross sales to be in two years?

Gross Sales in Two Years (in 000s)										
Less than $50	27	4	69	11	340	15	64	21	0	80
$50–99	22	4	74	14	422	12	63	20	5	113
$100–199	17	5	78	22	652	13	48	33	6	208
$200–349	17	4	79	16	481	15	49	28	8	149
$350–499	11	3	86	6	169	14	42	23	21	66
$500–749	18	3	79	7	211	20	41	25	14	71
$750–999	19	1	80	3	89	22	22	30	26	27
$1000–2999	15	5	81	8	241	18	37	24	21	83
$3000 and Over	12	5	83	3	96	18	21	24	37	33
N/A	25	7	68	10	293	19	44	28	9	47

10. What percentage of these sales came/will come from sale of franchised goods or services?

Percent Sales from Franchised Goods/Services										
None	19	4	77	70	2101	14	48	26	12	626
Less than 10%	17	4	79	5	135	3	49	30	18	33
10–24%	24	2	74	3	99	10	42	36	13	31
25–49%	22	7	71	2	86	–	–	–	–	22
50–74%	17	5	78	4	115	9	71	14	6	35
75–99%	15	7	78	5	136	32	38	22	8	37
100%	19	4	77	7	205	30	32	29	9	69
N/A	23	4	73	4	117	–	–	–	–	24

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
10a. Does your firm operate under a franchise name, e.g., McDonald's, Ford, Texaco?										
Operate Under a Franchise Name										
Yes	17	5	78	11	327	25	41	24	9	119
No	19	5	76	87	2613	14	48	27	11	738
N/A	21	*	79	2	54	–	–	–	–	20
11. How did you become owner or principal manager of your present business?										
Form of Entry										
Started It	21	4	76	64	1903	14	45	17	13	541
Purchased It (Not from family)	17	6	77	30	890	16	52	8	7	275
Inherited It	11	4	85	2	65	–	–	–	–	20
Promoted to Ownership	22	3	75	1	32	–	–	–	–	11
Brought into Ownership	15	5	80	2	73	–	–	–	–	20
Other/N/A	19	*	81	*	31	–	–	–	–	10
12. When you went into your business, what were your most important goals?										
Most Important Goals										
a. *Do the Kind of Work I Wanted to Do*										
First	19	5	76	26	777	16	53	23	7	232
Second	19	4	77	23	704	12	45	31	12	209
Third	18	3	79	20	590	14	43	29	14	197
Fourth	19	5	75	17	503	17	49	25	9	149
N/A	22	4	74	14	418	20	46	19	16	90
b. *Avoid Working for Others*										
First	16	5	79	18	545	13	50	28	8	181
Second	19	6	75	21	639	19	48	24	9	182
Third	23	4	73	22	658	13	47	30	10	184
Fourth	16	4	81	23	680	15	45	28	13	218
N/A	21	5	74	16	471	18	46	18	18	111
c. *Make More Money Than Otherwise*										
First	18	5	77	18	534	16	42	29	13	160
Second	19	4	77	21	642	11	56	26	7	202
Third	18	5	77	24	713	16	46	27	11	207
Fourth	20	4	76	22	653	16	45	28	12	199
N/A	22	5	73	15	452	20	46	19	16	107
d. *Build a Successful Organization*										
First	23	4	73	29	881	16	42	27	15	240
Second	18	4	78	24	706	16	44	27	14	225
Third	15	6	79	21	625	15	53	24	8	200
Fourth	19	4	77	14	410	12	54	28	5	129
N/A	20	3	77	12	372	18	48	24	10	83

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
13. Why did you go into your business at the time you did?										
Entry Process										
Good Opportunity Came Along; I Jumped	20	5	75	28	843	20	47	24	9	241
Considered For Long Time; Came Together	18	4	78	43	1278	12	46	28	14	378
Best Alternative Available	20	6	74	13	377	17	51	21	11	105
Thought I Might Someday; Hand Forced	19	4	77	14	404	13	48	33	7	123
Other/N/A	25	*	75	2	92	23	50	17	10	30
14. Where did you get the idea to go into this kind of business?										
Source of Business Idea										
Prior Job	19	4	78	43	1279	14	44	27	16	413
Family Business	15	4	81	6	174	24	36	34	6	50
Activities of Friends/Relatives	20	5	75	6	167	21	48	26	5	58
Hobby/Personal Interest	20	4	76	18	526	11	54	30	4	140
Someone Suggested It	24	7	69	8	227	20	48	20	13	56
Education/Courses	18	2	80	6	178	5	54	31	9	59
Chance Happening	19	6	75	10	298	26	51	16	7	69
Other	18	9	73	3	112	14	61	18	7	28
N/A	21	*	79	*	33	–	–	–	–	4
15. How old were you when you became owner or principal manager of your present business?										
Age of Owner										
Less than 20 Years	–	–	–	*	20	–	–	–	–	4
20–29 Years	20	5	75	26	765	10	55	26	9	192
30–39 Years	20	4	76	39	1155	15	45	29	12	339
40–49 Years	19	4	77	24	712	18	42	29	11	231
50 or More	15	4	81	11	324	19	56	13	12	109
N/A	–	–	–	*	18	–	–	–	–	2
16. Did you move your residence in order to go into your business?										
Distance Moved Residence										
Didn't Move	20	4	76	79	2364	15	47	26	12	695
Less than 50 Miles	16	6	78	6	171	20	46	24	10	50
50–150 Miles	16	6	78	5	159	21	50	26	2	42
More than 150 Miles	17	4	79	10	289	14	47	28	9	85
N/A	–	–	–	*	11	–	–	–	–	5

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
17. Were there other full-time partners or investors involved when you became the owner or principal manager of your business?										
Full-Time Partners/Investors										
None	20	4	76	69	2075	15	51	26	8	588
One	16	5	79	20	598	15	42	27	16	189
Two	17	5	78	7	195	16	40	26	18	62
Three	20	5	75	2	51	–	–	–	–	17
Four or More	14	11	75	1	36	–	–	–	–	13
N/A	20	*	80	1	39	–	–	–	–	8
18. Where did you work just before you went into your present business?										
Prior Organization										
Large Business (1000 employees or more)	19	6	75	16	487	20	51	22	6	135
Medium Business (100–999 employees)	21	3	76	12	344	19	35	28	19	101
Small Business (100 employees or less)	18	3	79	47	1394	11	49	29	10	408
Had Own Business	21	5	74	14	415	19	43	18	20	121
Non-Profit, e.g. Govt	14	7	80	5	151	21	49	25	5	57
Not Working, e.g. Student	19	8	73	6	180	13	58	29	*	48
N/A	–	–	–	*	23	–	–	–	–	7
19. Before going into your present business, what was your highest level of management experience?										
Highest Previous Management Level										
Supervised No One	20	6	75	19	574	12	59	22	7	151
Supervised Workers	18	4	78	39	1168	14	48	29	8	369
Supervised Supervisors	18	5	77	11	331	19	41	24	17	108
Owned Business	19	4	77	26	786	17	41	25	16	209
Other	24	2	74	4	114	16	56	25	3	32
N/A	–	–	–	1	21	–	–	–	–	8
20. Which best describes the major reason for leaving your previous job										
Reason for Leaving Prior Job										
Laid Off, Job Discontinued	19	4	77	10	306	19	53	27	8	89
Fired	24	4	72	7	222	17	57	24	2	54
Quit; No Specific Plans	23	7	70	7	218	14	41	32	13	56
Quit; Go Into Current Business	18	4	78	53	1578	14	45	29	12	485
Left, Closed Down, Sold Own Firm	18	6	76	7	215	17	48	14	21	71

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
No Previous Job/ Already in Firm	18	6	78	7	229	18	55	24	3	66
N/A	22	4	74	8	230	23	49	19	9	56
21. How different is your present business from the organization you were just in?										
Difference Between Now and in Previous Job										
a. *Products*										
No Difference (1)	17	3	80	31	919	12	49	24	15	291
(2)	14	6	80	11	321	11	45	30	13	97
(3)	20	4	76	9	282	17	39	33	12	101
(4)	15	3	82	5	158	12	52	32	4	50
Very Different (5)	23	5	72	39	1156	18	49	24	8	309
N/A	17	6	77	5	158	28	49	21	7	29
b. *Customers*										
No Difference (1)	16	3	81	29	870	12	50	20	18	267
(2)	16	5	79	12	348	13	41	39	8	118
(3)	20	4	76	12	365	19	43	28	9	119
(4)	24	3	73	7	201	9	53	33	5	58
Very Different (5)	21	6	73	33	986	17	50	25	8	270
N/A	21	4	75	7	224	27	40	24	9	45
c. *Suppliers*										
No Difference (1)	16	3	81	30	887	14	48	22	16	281
(2)	17	4	79	9	282	14	40	38	9	96
(3)	17	5	78	9	276	8	51	28	14	87
(4)	20	4	76	5	161	17	49	30	4	53
Very Different (5)	22	5	73	38	1132	18	49	25	7	310
N/A	20	5	75	9	256	22	40	28	10	50
22. Did your parents (or guardians) ever own their own business?										
Parents Owned Business										
Yes	17	5	78	45	1334	17	47	12	11	420
No	20	4	76	54	1624	13	49	14	11	449
N/A	21	*	79	1	36	–	–	–	–	8
23. What level of formal education did you have before you went into your current business?										
Level of Formal Education										
Less than High School	14	6	80	3	84	–	–	–	–	16
Some High School	27	4	69	5	137	16	45	26	13	31
High School Graduate	18	4	78	33	976	14	52	27	8	267
Some College	23	5	72	26	783	16	44	23	17	209
Associates Degree	24	5	71	8	225	20	41	26	14	66
BS/BA	14	4	82	16	476	20	44	26	10	175
Some Graduate School	14	3	83	3	105	8	43	32	16	37
MBA	16	14	70	1	37	–	–	–	–	14
Other Advanced Degree	9	3	88	4	122	8	57	31	4	52
N/A	18	4	78	1	49	–	–	–	–	10

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
23a. How many courses did you take in business subjects, e.g., management, marketing, personnel, finance, accounting?										
Number of Business Courses Taken										
None	19	5	76	38	1149	14	51	27	8	296
1–2	20	5	75	23	680	14	51	24	11	204
3–6	19	3	78	18	552	18	42	27	13	172
7–12	21	4	75	9	268	13	49	26	12	85
13 or More	16	6	78	10	290	20	40	26	14	102
N/A	15	3	82	2	55	–	–	–	–	18
24. Have you taken any technical, vocational, or professional development courses or training?										
Vocational/Professional Courses										
Yes	19	5	76	57	1719	18	43	27	12	513
No	19	4	77	41	1217	11	54	25	10	345
N/A	16	4	80	2	55	–	–	–	–	19
24a. If "yes," which describe(s) that course(s) or training?										
Types of Vocational/Professional Courses										
Program for Certificate/License	19	4	77	25	751	18	44	24	13	230
High School Vocational	17	4	79	9	263	15	43	31	12	75
On Military Duty	21	3	76	7	214	18	40	28	14	72
Gen Bus Skills Off-Site	19	5	76	19	581	22	37	27	14	184
Spec Bus Skills Off-Site	17	3	80	24	719	16	39	33	12	228
Gen Bus Skills On-Site	19	5	76	10	284	20	41	26	13	87
Spec Bus Skills On-Site	18	5	77	16	485	17	41	28	14	147
25. How many full-time jobs (with different organizations; count military service as one job) did you hold from the time you left school until you entered your current business?										
Full-Time Jobs Prior to Ownership										
1–3 Jobs	16	4	80	46	1375	16	47	24	13	445
4–5 Jobs	19	6	75	27	798	18	45	28	10	229
6 Jobs or More	24	4	72	23	682	11	51	29	9	175
N/A	25	5	70	4	139	14	46	29	11	28
26. Is your business currently located in your own home (including garage, basement, wing, etc.)?										
Located in the Home										
Yes	15	3	82	7	199	11	64	18	7	56
No	19	5	76	92	2766	16	46	27	11	810
N/A	25	8	67	1	29	–	–	–	–	11

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
27. Eighty percent (80%) of my business comes from customers located within a radius of:										
Radius for 80% of Customers										
Less than 1 Mile	29	12	59	2	51	–	–	–	–	12
Less than 5 Miles	16	4	80	10	291	15	49	30	5	79
Less than 10 Miles	19	4	77	21	626	13	51	28	8	195
Less than 25 Miles	19	5	76	31	922	13	51	26	10	281
Less than 50 Miles	19	5	76	19	573	15	48	28	10	158
Less than 100 Miles	17	4	79	9	259	18	40	21	21	76
100 Miles or More	20	4	76	7	221	30	30	16	24	69
Don't Know	23	10	67	1	30	–	–	–	–	3
N/A	–	–	–	*	21	–	–	–	–	4
28. During the next five years, how much average change per year do you expect in the market you are trying to serve:										
Average Change in _____ Expected										
a. *Customers*										
More than 20% Increase	21	4	75	40	1205	13	45	29	12	330
11–20% Increase	17	4	79	23	691	17	47	27	10	234
3–10% Increase	17	4	79	20	599	14	51	22	13	189
Unchanged	17	4	79	5	157	16	47	27	9	55
Decrease	14	6	81	1	31	–	–	–	–	16
Unknown	24	5	71	8	227	24	54	17	5	41
N/A	22	9	70	3	79	–	–	–	–	12
b. *Competitors*										
More than 20% Increase	21	5	74	6	173	12	44	26	19	43
11–20% Increase	23	3	74	8	248	6	43	34	15	79
3–10% Increase	18	4	78	23	685	15	44	28	13	220
Unchanged	17	5	78	37	1116	17	52	22	9	347
Decrease	21	3	76	6	183	12	37	42	9	43
Unknown	19	4	77	16	468	18	52	25	6	126
N/A	26	7	67	4	121	–	–	–	–	19
c. *Sales*										
More than 20% Increase	24	3	73	18	550	17	41	28	12	145
11–20% Increase	16	4	80	21	638	15	46	26	14	213
3–10% Increase	18	4	78	27	803	15	48	27	10	273
Unchanged	17	8	75	11	333	15	50	25	10	96
Decrease	21	2	77	3	84	–	–	–	–	24
Unknown	20	5	75	15	451	11	60	23	6	100
N/A	22	76	72	5	135	19	35	27	19	26

YEAR ONE

	Discon-tinued	Sold	Sur-vived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877

29. When you were planning your business, what sources of information or help were important to you? Please rate each source below as follows:

Information From:

a. *Accountant/Bookkeeper*										
Very Important	17	5	78	46	1374	17	45	28	10	**406**
Some Importance	19	5	76	22	661	14	49	25	10	**201**
Little Importance	23	4	73	10	298	19	41	27	14	**81**
Not Used	21	4	75	17	513	11	56	22	12	**161**
N/A	22	6	72	5	148	18	39	29	14	**28**
b. *Friends/Relatives*										
Very Important	20	5	75	26	786	12	49	34	6	**218**
Some Importance	20	4	76	29	866	15	47	26	12	**256**
Little Importance	16	5	79	21	629	18	51	21	11	**200**
Not Used	19	4	77	18	541	16	41	26	17	**162**
N/A	18	6	76	6	172	22	46	17	15	**41**
c. *Other Business Owners*										
Very Important	20	4	76	28	834	12	47	31	10	**233**
Some Importance	18	4	78	32	954	17	48	26	9	**305**
Little Importance	19	6	76	17	519	16	45	26	13	**151**
Not Used	19	5	76	17	513	16	51	19	14	**151**
N/A	18	6	76	6	174	19	38	30	13	**37**
d. *Government Programs/Sources*										
Very Important	24	3	73	5	166	9	65	16	9	**43**
Some Importance	20	4	76	10	290	18	44	27	11	**93**
Little Importance	20	5	75	18	539	17	43	29	11	**183**
Not Used	18	5	77	58	1739	14	49	25	11	**499**
N/A	17	4	79	9	260	17	37	36	10	**59**
e. *Bankers*										
Very Important	18	4	78	34	1025	16	48	25	12	**305**
Some Importance	18	4	78	23	684	11	51	28	11	**204**
Little Importance	18	6	76	15	459	22	42	28	8	**149**
Not Used	22	4	74	23	677	14	48	26	12	**191**
N/A	22	6	72	5	149	14	44	21	21	**28**
f. *Trade Associations*										
Very Important	19	4	77	9	279	21	44	28	7	**86**
Some Importance	21	4	75	17	509	16	42	26	15	**163**
Little Importance	18	3	79	21	616	13	48	27	11	**195**
Not Used	19	5	76	46	1368	15	51	25	10	**383**
N/A	20	5	75	7	222	16	42	30	12	**50**
g. *Lawyers*										
Very Important	16	5	79	20	595	16	48	24	13	**173**
Some Importance	18	5	77	23	693	17	43	27	14	**228**
Little Importance	18	4	78	20	607	16	47	27	10	**187**
Not Used	22	4	74	31	913	13	52	27	8	**247**
N/A	20	5	75	6	186	19	48	24	9	**42**

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
h. ***Generally Available Books, Manuals***										
Very Important	23	4	73	18	544	17	46	28	10	156
Some Importance	18	4	78	24	710	15	52	25	9	211
Little Importance	18	4	78	20	587	17	47	25	10	190
Not Used	18	5	77	32	965	13	46	26	14	276
N/A	18	5	77	6	188	18	39	32	11	44
i. ***Franchisors/Suppliers***										
Very Important	21	5	74	28	851	16	49	26	9	238
Some Importance	18	4	78	20	585	10	49	28	13	195
Little Importance	19	3	78	12	359	19	38	32	10	111
Not Used	18	5	77	34	1003	16	49	23	12	288
N/A	17	6	77	6	196	16	42	31	11	45
j. ***Courses/Seminars/Workshops***										
Very Important	19	3	78	11	337	17	41	32	10	97
Some Importance	22	4	74	14	418	18	41	29	12	126
Little Importance	19	3	78	16	472	10	56	26	8	149
Not Used	18	5	77	52	1547	16	48	24	12	455
N/A	20	5	75	7	220	16	44	30	10	50

30. From the list below, how would you describe your business strategy. Using a total of 100 points, please assign points to each item below that reflects its importance in your business strategy.

Business Strategy										
Lower Prices										
Not Used	17	3	80	47	1416	15	48	26	11	457
1– 5%	17	3	80	4	113	16	53	22	9	45
6– 10%	16	7	77	13	382	15	45	30	11	110
11– 20%	21	7	72	12	369	15	50	27	10	101
21– 30%	23	4	73	9	280	18	44	21	18	68
31– 40%	18	5	77	4	109	19	50	19	12	26
41– 50%	28	3	69	4	117	23	42	26	10	31
51% or More	26	4	70	4	109	–	–	–	–	23
N/A	25	7	68	3	99	–	–	–	–	16
Better Service										
Not Used	21	5	74	14	428	18	48	25	9	107
1– 5%	33	9	58	1	40	–	–	–	–	8
6– 10%	20	4	76	7	216	8	55	28	10	60
11– 20%	20	4	76	20	578	20	47	24	9	182
21– 30%	19	5	76	22	637	14	42	30	13	208
31– 40%	17	4	79	9	269	9	50	27	14	78
41– 50%	18	3	79	12	367	16	50	23	11	112
51% or More	14	4	82	12	360	14	48	26	12	106
N/A	25	7	68	3	99	–	–	–	–	16

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
More Choices/Selection										
Not Used	19	4	77	56	1664	14	48	25	12	496
1– 5%	22	5	73	4	130	12	60	19	10	42
6– 10%	18	3	79	13	393	16	46	29	10	121
11– 20%	18	7	75	13	375	20	45	26	10	116
21– 30%	18	6	77	7	201	14	44	30	12	50
31– 40%	27	5	68	1	34	–	–	–	–	6
41– 50%	16	2	83	2	58	–	–	–	–	20
51% or More	30	2	68	1	40	–	–	–	–	10
N/A	25	7	68	3	99	–	–	–	–	16
Reputation for Quality										
Not Used	19	3	78	20	595	14	47	30	10	157
1– 5%	14	9	77	2	70	–	–	–	–	20
6– 10%	19	6	76	13	378	16	44	21	19	111
11– 20%	19	6	75	21	638	17	53	22	8	197
21– 30%	19	4	77	19	554	15	43	30	12	169
31– 40%	20	6	74	7	214	18	43	30	9	67
41– 50%	17	4	79	8	227	16	49	27	9	71
51% or More	20	2	78	7	219	10	51	26	13	69
N/A	25	7	68	3	99	–	–	–	–	16
Advertise More Effectively										
Not Used	19	4	77	67	1981	16	47	27	11	594
1– 5%	14	5	81	8	236	16	47	23	14	74
6– 10%	20	5	75	14	414	15	50	23	11	125
11– 20%	21	5	74	7	207	10	50	33	8	52
21– 30%	14	2	84	1	43	–	–	–	–	9
31– 40%	–	–	–	–	8	–	–	–	–	6
41% or More	–	–	–	–	6	–	–	–	–	1
N/A	25	7	68	3	99	–	–	–	–	16
Target Customers Missed/Poorly Served										
Not Used	19	4	77	54	1581	13	48	26	12	461
1– 5%	15	5	80	7	205	18	51	19	12	67
6– 10%	16	5	79	15	458	18	52	22	8	144
11– 20%	20	3	77	13	400	16	40	35	9	118
21– 30%	23	5	72	5	145	16	45	32	8	38
31– 40%	28	5	67	1	39	–	–	–	–	8
41– 50%	33	6	61	1	33	–	–	–	–	14
51% or More	18	8	74	1	34	–	–	–	–	11
N/A	25	7	68	3	99	–	–	–	–	16
Superior Location										
Not Used	19	4	77	73	2197	15	47	27	11	666
1– 5%	16	8	76	5	147	17	56	15	12	41
6– 10%	14	7	79	8	252	19	42	25	13	72
11– 20%	22	4	74	6	165	9	59	22	11	46
21– 30%	23	0	77	2	62	–	–	–	–	19
31– 40%	–	–	–	–	25	–	–	–	–	5
41– 50%	–	–	–	–	24	–	–	–	–	8
51% or More	–	–	–	–	23	–	–	–	–	4
N/A	25	7	68	3	99	–	–	–	–	16

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
Better Appearance										
Not Used	21	4	75	61	1834	15	49	26	11	520
1– 5%	11	6	83	7	202	20	48	20	12	65
6– 10%	16	4	80	13	404	18	45	23	14	124
11– 20%	17	4	79	10	290	13	47	31	8	99
21– 30%	18	5	77	4	114	9	47	29	15	34
31– 40%	–	–	–	–	22	–	–	–	–	10
41– 50%	–	–	–	–	22	–	–	–	–	6
51% or More	–	–	–	–	7	–	–	–	–	3
N/A	25	7	68	3	99	–	–	–	–	16
Unavailable Product or Service										
Not Used	19	4	77	66	1956	15	47	27	11	602
1– 5%	13	7	80	4	120	17	44	25	14	36
6– 10%	18	4	78	9	272	17	48	24	11	81
11– 20%	21	4	75	7	223	12	48	22	17	58
21– 30%	26	7	67	4	116	15	37	41	7	27
31– 40%	32	4	64	2	47	–	–	–	–	6
41– 50%	10	4	86	2	71	–	–	–	–	22
51% or More	12	4	84	3	90	10	66	14	10	29
N/A	25	7	68	3	99	–	–	–	–	16

31. For each statement, write the number which indicates the extent to which you agree or disagree with each statement:

Statement										
a. *Comfortable Living Is Enough Success*										
Strongly Agree	20	6	74	20	592	14	47	31	9	156
Agree	17	4	79	37	1095	15	53	25	8	321
Undecided	20	4	76	11	319	13	41	26	21	101
Disagree	19	4	77	20	583	13	49	26	13	191
Strongly Disagree	20	5	75	10	324	22	38	27	14	93
N/A	27	5	68	2	81	–	–	–	–	15
b. *Business Operating Controls in Writing*										
Strongly Agree	20	5	75	16	471	19	38	29	14	125
Agree	19	6	75	25	742	18	43	23	15	228
Undecided	20	4	76	36	1072	13	50	29	8	313
Disagree	15	3	82	13	373	12	55	25	9	130
Strongly Disagree	14	4	82	7	217	12	55	23	10	60
N/A	29	5	66	3	119	–	–	–	–	21
c. *More Comfortable With Technical Problems Than Management Issues*										
Strongly Agree	19	4	77	13	379	13	49	24	14	106
Agree	20	5	75	25	737	17	50	25	8	211
Undecided	17	3	80	31	919	13	49	26	12	300
Disagree	21	4	75	18	537	11	42	34	13	158
Strongly Disagree	19	5	76	10	302	26	43	22	10	79
N/A	28	4	68	3	120	–	–	–	–	23

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
d. *Business Changing Rapidly*										
Strongly Agree	17	4	79	26	791	15	45	26	14	236
Agree	20	4	76	35	1058	13	45	31	11	321
Undecided	16	6	78	21	620	15	54	21	9	180
Disagree	24	4	72	10	295	14	44	29	13	85
Strongly Disagree	18	6	76	4	115	23	65	7	7	31
N/A	27	6	67	4	115	–	–	–	–	24
32. Has your business been assigned a Dun & Bradstreet number?										
Possess a D&B Number										
Yes	16	4	80	20	598	14	37	34	15	204
No	20	5	75	55	1636	17	49	24	10	461
Don't Know	18	4	78	24	722	12	55	23	10	207
N/A	31	3	67	1	37	–	–	–	–	5
Match to D&B Files										
Yes	17	4	79	48	1447	16	43	28	13	441
No	21	4	75	52	1547	15	51	25	9	436
33. What is your sex?										
Sex										
Male	18	4	78	77	2297	15	46	26	13	708
Female	23	6	71	22	665	17	53	27	2	164
N/A	39	3	58	1	31	–	–	–	–	5
34. Are you a racial or ethnic minority as defined by the federal government?										
Minority Status										
Yes	30	4	66	6	183	15	57	20	9	46
No	18	4	78	92	2741	16	47	26	11	822
N/A	28	5	67	2	69	–	–	–	–	9
35. What was the total amount of capital invested in your business by the time you made your first sale?										
Capital Invested (in 000s)										
Under $5	22	4	74	18	524	11	50	28	11	136
$5– 10	22	3	75	14	424	16	48	27	9	113
$10– 20	23	6	71	16	470	12	53	28	7	120
$20– 50	20	4	76	25	750	14	47	27	12	216
$50– 100	13	5	82	15	437	19	46	23	12	167
$100– 250	9	4	87	8	241	18	43	28	11	79
$250– 500	15	5	80	2	69	–	–	–	–	25
$500 or More	19	3	78	1	32	–	–	–	–	10
N/A	26	4	70	1	46	–	–	–	–	11

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877

36. Of the above amount, please indicate approximately what percentage of the original funds invested in your firm came from:

Capital Sources

Personal Savings										
None	19	6	75	25	733	19	44	26	11	210
1– 19%	17	3	80	13	408	12	59	20	8	129
20– 39%	15	4	81	15	439	16	47	31	6	135
40– 59%	19	3	78	11	330	19	39	29	12	109
60– 79%	24	5	71	5	149	22	42	18	18	45
80– 98%	23	0	77	4	124	16	50	22	13	32
99% or More	20	5	75	24	707	10	48	28	14	192
N/A	24	8	68	3	104	–	–	–	–	25
Friends/Relatives										
None	19	4	77	69	2062	15	47	26	12	613
1–19%	18	1	81	6	166	17	50	21	13	48
20–39%	19	4	77	7	204	20	59	15	5	59
40–59%	17	6	77	6	181	14	42	35	10	52
60–79%	21	4	75	2	73	–	–	–	–	18
80–98%	15	5	80	3	98	6	59	25	9	32
99% or More	22	6	72	4	106	23	30	37	10	30
N/A	24	8	68	3	104	–	–	–	–	25
Individual Investors (Not Friends/Relatives)										
None	19	4	77	90	2664	15	48	26	11	790
1–19%	9	2	89	1	35	–	–	–	–	7
20–39%	7	0	93	1	29	–	–	–	–	7
40–59%	16	7	77	2	69	–	–	–	–	23
60–79%	6	13	81	1	31	–	–	–	–	8
80–98%	31	0	69	1	26	–	–	–	–	9
99% or More	25	8	67	1	36	–	–	–	–	8
N/A	24	8	68	3	104	–	–	–	–	25
Government Guaranteed Loans										
None	19	4	77	94	2797	15	47	27	11	823
1% or More	14	4	82	3	93	21	48	14	17	29
N/A	24	8	68	3	104	–	–	–	–	25
Banks, etc.										
None	20	5	75	52	1565	14	46	26	13	448
1–19%	16	3	81	2	74	–	–	–	–	20
20–39%	17	4	79	7	196	13	52	26	9	69
40–59%	19	4	77	9	260	21	46	27	7	83
60–79%	12	3	85	7	201	20	40	27	13	60
80–98%	18	3	79	10	311	13	55	25	6	87
99% or More	21	5	74	10	283	19	48	24	9	85
N/A	24	8	68	3	104	–	–	–	–	25
Venture Capital Firms										
None	19	4	77	96	2853	16	47	26	11	841
1% or More	11	3	86	1	37	–	–	–	–	11
N/A	24	8	68	3	104	–	–	–	–	25

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
Suppliers/Trade Credit										
None	19	4	77	91	2709	16	47	26	11	796
1–19%	14	2	84	2	73	–	–	–	–	20
20–39%	18	0	82	2	56	–	–	–	–	20
40% or More	15	4	76	2	52	–	–	–	–	16
N/A	24	8	68	3	104	–	–	–	–	25
Former Owners										
None	19	4	77	89	2656	16	47	26	11	767
1–19%	25	0	75	1	28	–	–	–	–	9
20–39%	8	6	86	2	50	–	–	–	–	19
40–59%	18	5	77	2	68	3	53	37	7	30
60–79%	21	5	74	1	39	–	–	–	–	11
80% or More	14	*	86	2	49	–	–	–	–	16
N/A	24	8	68	3	104	–	–	–	–	25

37. What percent of this business do you (including your spouse and children) own?

Proportion of Ownership										
100%	20	4	76	63	1897	14	51	27	8	555
75–99%	20	2	78	3	82	–	–	–	–	23
50–74%	17	5	78	15	460	22	40	23	16	147
25–49%	16	4	80	6	183	25	32	20	22	59
Less than 25%	18	6	76	4	112	17	24	35	24	29
Prefer Not to Answer	22	4	74	6	181	9	55	25	11	44
N/A	21	6	73	3	78	–	–	–	–	20

38. What are the odds of any business like yours succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?

Odds of Success — Any Business Like Yours										
No Chance (0 of 10)	–	–	–	*	8	–	–	–	–	1
1 of 10	30	8	62	3	95	–	–	–	–	14
2 of 10	23	1	76	5	163	20	58	14	8	50
3 of 10	25	2	73	7	202	14	46	33	8	52
4 of 10	18	3	79	5	163	20	41	22	18	51
5 of 10	18	4	78	29	861	13	46	29	12	272
6 of 10	20	8	72	8	245	15	52	19	14	73
7 of 10	20	3	77	12	328	20	45	29	6	106
8 of 10	17	6	77	12	344	16	46	24	14	108
9 of 10	16	3	81	5	154	9	60	28	4	47
Certain (10 of 10)	16	4	80	10	302	13	47	30	10	78
N/A	20	6	74	4	129	–	–	–	–	25

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877

39. What are the odds of your business succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?

Odds of Success — Your Business

No Chance (0 of 10)	–	–	–	*	13	–	–	–	–	0
1 of 10	42	5	53	1	38	–	–	–	–	7
2 of 10	31	3	66	1	32	–	–	–	–	6
3 of 10	39	3	58	1	33	–	–	–	–	8
4 of 10	27	9	64	1	33	–	–	–	–	8
5 of 10	27	6	67	9	279	9	53	26	12	58
6 of 10	30	4	66	4	111	24	42	24	9	33
7 of 10	24	3	73	9	265	18	46	26	11	74
8 of 10	19	6	75	18	549	16	48	29	8	168
9 of 10	13	4	83	19	568	18	44	25	14	212
Certain (10 of 10)	15	4	81	33	958	11	48	29	12	283
N/A	21	4	75	4	115	–	–	–	–	20

40. How important were each of the following factors in your decision to go into your business?

Reasons for Business Entry

a. *Liked the Challenge*										
Very Important (1)	20	4	76	49	1458	16	48	23	13	411
(2)	17	4	79	24	730	15	47	29	10	242
(3)	18	5	77	14	413	15	49	30	5	132
(4)	20	4	76	4	104	13	59	13	16	32
Not Important (5)	20	3	77	4	133	11	29	43	18	28
N/A	24	3	74	5	155	16	38	31	16	32
b. *Gain More Respect/Recognition*										
Very Important (1)	20	4	76	19	554	17	47	21	15	150
(2)	17	4	79	22	643	16	46	28	11	199
(3)	16	5	79	23	685	14	47	26	12	218
(4)	19	5	76	13	392	14	55	25	6	122
Not Important (5)	22	5	73	18	531	15	43	30	11	150
N/A	23	3	74	5	188	16	47	29	8	38
c. *Build Something for Family*										
Very Important (1)	19	4	77	54	1605	15	48	25	12	466
(2)	16	4	81	20	590	17	47	29	8	186
(3)	20	7	73	12	349	17	43	26	13	107
(4)	19	2	79	4	140	11	46	39	4	46
Not Important (5)	26	6	68	5	149	14	62	12	12	42
N/A	26	4	70	5	160	20	37	33	10	30
d. *Earn Lots of Money*										
Very Important (1)	19	4	77	19	557	17	43	25	15	155
(2)	18	4	78	27	795	15	54	22	9	247
(3)	19	4	77	31	349	15	42	31	12	278
(4)	18	5	77	11	331	12	49	26	12	106
Not Important (5)	20	6	74	6	187	13	57	20	9	54
N/A	25	2	73	6	182	22	35	35	8	37

YEAR ONE

	Discon-tinued	Sold	Sur-vived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
e. *Greater Control Over My Life*										
Very Important (1)	19	3	78	54	1602	16	49	24	11	456
(2)	18	5	77	24	704	13	46	30	11	242
(3)	23	6	71	11	330	16	46	27	11	89
(4)	13	3	84	2	88	13	55	23	10	31
Not Important (5)	14	7	79	4	110	14	46	25	14	28
N/A	25	3	72	5	159	23	32	32	13	31
f. *Fulfill Others Expectations*										
Very Important (1)	20	6	74	9	269	17	45	22	16	58
(2)	19	4	77	12	357	16	49	25	10	107
(3)	18	4	78	18	531	14	53	25	8	156
(4)	16	4	81	15	433	20	43	27	10	158
Not Important (5)	20	5	75	41	1217	13	48	27	13	360
N/A	23	3	74	5	186	18	34	34	13	38
g. *Use My Skills and Abilities*										
Very Important (1)	19	4	77	57	1684	15	47	26	13	480
(2)	18	4	78	24	727	16	48	26	10	242
(3)	19	4	77	9	281	12	48	32	8	84
(4)	16	6	78	2	67	–	–	–	–	18
Not Important (5)	17	11	72	3	78	–	–	–	–	23
N/A	24	3	72	5	156	20	37	33	10	30
h. *Best Alternative Available*										
Very Important (1)	21	5	74	8	223	23	40	28	9	75
(2)	19	4	79	5	168	13	55	18	15	55
(3)	17	6	77	14	413	15	52	23	11	133
(4)	20	7	73	10	303	18	47	29	6	85
Not Important (5)	19	5	78	56	1679	14	47	27	12	490
N/A	24	5	73	7	207	18	39	36	8	39
i. *Live Where/How I Like*										
Very Important (1)	18	4	78	32	945	14	48	26	12	264
(2)	18	5	77	20	594	15	51	26	9	200
(3)	18	5	77	19	554	20	47	26	7	164
(4)	18	5	77	8	244	11	49	25	15	80
Not Important (5)	22	4	74	16	475	16	42	27	14	132
N/A	25	3	72	5	183	19	41	30	11	37
What is your form of business? (From membership data)										
Form of Business										
Proprietorship	20	4	76	58	1723	13	63	27	6	483
Partnership	19	6	75	13	376	23	10	26	12	105
Corporation	17	5	78	29	879	17	26	25	19	284
N/A	–	–	–	*	8	–	–	–	–	5

YEAR ONE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	19%	4%	77%	100%	2994	15%	48%	26%	11%	877
The unemployment rate of the state in which the business was located at the time the business was formed (1984). (Attached to the file from BLS data.)										
Economic Climate (Unemployment Rate) at Formation										
Less than 5%	17	3	80	8	249	10	46	32	12	68
5.1% to 6.0%	24	5	71	21	620	18	47	25	10	156
6.1% to 7.0%	17	5	78	16	491	18	51	22	9	145
7.1% to 8.0%	17	5	78	23	701	16	45	28	11	225
8.0% to 9.5%	17	4	79	23	674	15	43	29	13	207
9.6% or More	22	4	74	9	259	8	65	17	10	76
The change in the unemployment rate of the state in which the business was located between the formation of the business (1984) and the following three years (1987). (Calculated from BLS data and attached to the file.)										
Change in the Economic Climate (Unemployment Rate)										
Decreased										
33% or More	18	4	78	10	305	12	37	36	15	95
25% to 32%	16	5	79	29	872	14	45	29	12	260
10% to 24%	17	5	78	25	747	15	51	23	12	247
No Change										
(+10% to −10%)	21	3	76	15	444	17	55	22	6	109
Increased										
10% or More	24	5	71	21	626	20	47	25	8	166

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
1. About how many hours per week do you work for the firm?										
Hours Worked										
Less than 40 Hours	12	3	85	6	74	21	52	19	7	42
40–49 Hours	8	2	90	14	167	18	55	18	9	82
50–59 Hours	7	2	91	28	330	12	49	25	13	178
60–69 Hours	7	2	91	31	373	13	44	31	12	211
70–79 Hours	4	1	95	12	142	13	40	32	15	72
80 Hours or More	10	0	90	8	90	22	39	29	8	41
N/A	–	–	–	1	14	–	–	–	–	3
2. About how many hours per week in total do unpaid family members work?										
Unpaid Family Hours										
1–9 Hours	8	*	92	13	156	13	48	26	12	91
10–19 Hours	10	1	89	12	136	18	52	26	5	66
20–29 Hours	6	4	90	7	82	8	50	21	21	38
30–39 Hours	3	3	94	5	63	20	37	23	20	30
40 Hours or More	8	2	90	14	168	22	53	22	4	79
None/NA	7	1	92	49	585	13	45	29	13	324
3. On average how many full and part-time employees do you have (including yourself)?										
Employment Size (2 part-time = 1 full-time)										
Less than 2	12	1	87	20	234	14	71	12	3	112
2–3	9	1	90	20	239	12	57	30	1	122
3–6	6	3	91	33	398	14	40	37	9	205
6–10	3	1	96	14	167	9	43	25	23	96
10 or More	5	1	94	13	151	26	23	21	30	96
N/A	–	–	–	*	1	–	–	–	–	0
4. Were any of the employees added in the last twelve months hired as managers or supervisors of other employees in your firm?										
Hired Supervisors/Managers Last 12 Months										
Yes	10	2	88	17	197	14	40	26	20	103
No	6	1	93	64	761	16	42	31	12	410
No Employees Added	10	1	89	18	211	11	72	14	3	110
N/A	–	–	–	1	21	–	–	–	–	6
5. Are other full-time partners or investors (other than yourself) now involved in your business?										
Others Now Involved										
None	8	1	91	72	861	14	49	26	10	453
Yes, One	7	2	91	24	287	15	44	28	14	158
Yes, Two or More	6	*	94	3	34	–	–	–	–	17
N/A	–	–	–	1	8	–	–	–	–	1

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
6. About what were your firm's gross sales or revenues during the last twelve months or during the last fiscal year?										
Last Year's Gross Sales (in 000s)										
Less than $50	15	1	84	13	156	16	67	16	1	80
$50–99	11	2	87	20	233	10	57	32	1	108
$100–199	4	2	94	23	273	17	41	33	19	144
$200–349	5	1	94	15	171	13	47	26	14	91
$350–499	9	*	91	7	87	16	40	21	23	57
$500–749	7	*	94	6	77	17	38	28	17	47
$750–999	3	3	94	3	30	–	–	–	–	14
$1000–2999	3	3	94	6	73	16	28	16	30	43
$3000 and Over	–	–	–	1	13	–	–	–	–	10
N/A	4	3	93	6	77	11	72	11	6	35
7. How large do you expect your gross sales to be in one year?										
Expected Gross Sales Next Year (in 000s)										
Less than $50	13	2	85	8	98	17	61	15	7	46
$50–99	13	*	87	14	167	16	60	23	1	80
$100–199	7	2	91	23	270	15	50	31	4	132
$200–349	4	1	95	17	201	13	39	37	11	117
$350–499	3	1	96	7	88	11	51	22	16	55
$500–749	11	1	88	7	82	20	39	19	22	46
$750–999	2	*	98	4	51	13	34	28	25	32
$1000–2999	3	2	95	9	106	14	32	32	22	57
$3000 or More	9	*	91	2	23	–	–	–	–	15
N/A	11	2	87	9	104	21	30	8	31	48
8. Comparing the total assets of the firm today to total assets of the firm twelve months ago, about how much have total firm assets changed during the last twelve months? 8a. If "increased" or "decreased" by approximately what percentage?										
Change in Total Assets Last 12 Months										
Increase	5	1	94	62	737	13	43	31	13	404
More than 50%	8	1	91	7	85	7	32	32	29	45
26–50%	7	*	93	14	164	12	39	36	14	87
0–25%	4	1	95	38	456	13	48	30	9	254
No Answer	*	*	100	3	32	–	–	–	–	18
Same	8	3	89	29	351	18	54	20	9	188
Lower	24	4	72	8	90	30	47	13	10	50
N/A	–	–	–	1	12	–	–	–	–	7
9. Which of the following have been major sources of new funds during the past twelve months?										
Most Important Source of New Funds										
Business Earnings										
First	6	1	93	52	609	13	45	30	13	329
Second	8	2	90	13	157	7	48	24	11	90
Third or More	9	*	91	4	57	13	55	19	13	31
Not Used	9	2	89	24	282	16	50	24	10	156
N/A	12	*	88	7	84	17	46	24	13	46

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
Last Years Owners/Investors										
First	11	3	86	8	91	17	52	17	14	42
Second	7	1	92	10	113	15	46	27	3	68
Third or More	11	2	87	5	63	16	48	18	18	38
Not Used	6	2	92	70	836	14	47	29	10	437
N/A	12	*	88	7	84	17	46	24	13	46
New Owners/Investors										
Used	10	1	89	7	81	19	34	26	21	43
Not Used	7	2	91	86	1023	14	48	27	11	542
N/A	12	*	88	7	84	17	46	24	13	46
Bank Loans										
First	9	1	90	16	184	19	50	21	10	99
Second	10	1	89	18	204	18	36	32	14	106
Third or More	6	*	94	6	81	5	53	26	16	38
Not Used	6	2	92	53	635	13	49	27	11	342
N/A	12	*	88	7	84	17	46	24	13	46
Trade Credit/Payables										
First	7	2	91	16	186	11	50	29	10	98
Second	4	1	95	19	229	13	51	28	8	119
Third or More	4	2	94	10	115	12	39	29	20	65
Not Used	9	2	89	49	574	17	46	25	12	303
N/A	12	*	92	6	84	17	46	24	13	46
10. During the last twelve months, have you made major changes in the nature of your business?										
a *Added New Products/Services*										
Yes	8	1	91	50	591	14	45	28	13	304
No	7	1	92	45	540	15	49	26	10	302
N/A	7	1	92	5	59	–	–	–	–	23
b *Dropped Products/Services*										
Yes	11	2	87	19	230	22	42	24	12	111
No	7	1	92	70	835	13	48	28	11	464
N/A	4	2	94	11	125	19	46	19	16	54
c *Moved Business Location*										
Yes	10	1	89	12	139	16	42	27	16	64
No	7	2	91	79	936	14	48	28	10	512
N/A	5	2	93	9	115	23	42	14	21	53
d *Added Branches/Locations*										
Yes	8	0	92	6	75	5	34	30	32	44
No	8	1	91	83	984	15	48	27	10	527
N/A	5	3	92	11	131	22	47	17	14	58
e *Changed Business Name*										
Yes	17	2	81	5	59	5	43	24	29	21
No	7	1	92	80	952	15	48	28	10	528
N/A	7	3	90	15	177	19	41	21	19	80

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
f. *Changed Relative Prices*										
Higher	7	1	92	16	194	26	38	25	11	100
No Change	7	1	92	62	734	12	49	27	12	417
Lower	14	3	83	14	162	14	55	24	7	71
N/A	4	3	93	8	100	14	39	31	16	41
g. *Changed Advertising*										
More	7	1	92	32	379	12	46	32	10	220
No Change	7	1	92	45	527	15	46	24	14	295
Less	10	1	89	17	197	20	55	22	3	79
N/A	6	4	90	6	87	20	40	20	20	35
h. *Changed Floor Space*										
Added	7	1	92	21	249	7	42	28	23	123
No Change	7	2	91	69	815	15	49	27	9	449
Reduced	15	0	85	2	34	33	53	13	0	15
N/A	8	2	90	8	91	23	42	19	16	42

11. During the past twelve months, did any of the following hurt the development and performance of your business?

Hurt Sales in Last 12 Months

a. *Market Decline*										
Serious (5)	19	1	80	9	108	23	57	16	5	44
(4)	9	0	91	9	101	20	44	24	12	50
(3)	3	1	96	14	165	22	47	25	6	103
(2)	6	4	90	12	144	15	46	26	13	61
Not Serious (1)	6	1	93	52	623	10	46	30	14	349
N/A	10	2	88	4	49	–	–	–	–	22
b. *Competitive Pressures*										
Serious (5)	13	1	86	5	64	19	54	19	8	37
(4)	8	3	89	9	112	19	50	19	12	58
(3)	7	2	91	22	262	14	42	30	14	132
(2)	6	2	92	22	258	15	45	25	12	137
Not Serious (1)	7	1	92	38	447	14	45	29	10	249
N/A	13	2	85	4	47	–	–	–	–	16
c. *Cost/Quality of Labor*										
Serious (5)	13	2	85	5	61	36	36	15	12	33
(4)	9	0	91	8	99	15	40	32	13	53
(3)	7	2	91	15	183	11	43	37	9	102
(2)	6	1	93	21	246	15	41	27	18	138
Not Serious (1)	7	2	91	46	545	14	53	24	9	283
N/A	9	3	88	5	56	–	–	–	–	20
d. *Cost/Quality of Materials*										
Serious (5)	6	4	90	4	47	17	63	17	3	30
(4)	11	1	88	9	112	25	46	20	9	59
(3)	9	2	89	21	253	14	43	29	14	126
(2)	7	2	91	23	271	13	47	31	9	148
Not Serious (1)	6	1	93	38	447	13	47	27	14	244
N/A	8	2	90	5	60	–	–	–	–	22

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
e. *Family Demands/Health Problems*										
Serious (5)	33	5	62	3	39	22	67	0	11	9
(4)	11	2	87	6	75	15	58	25	3	40
(3)	10	0	90	11	134	20	46	23	10	69
(2)	7	1	92	13	151	17	44	29	10	87
Not Serious (1)	5	2	93	62	727	13	46	28	13	400
N/A	8	3	89	5	64	–	–	–	–	24
f. *Getting Credit/Finance*										
Serious (5)	15	4	81	8	100	32	24	32	12	41
(4)	12	1	87	6	75	11	54	29	6	35
(3)	12	2	86	12	146	13	60	17	11	72
(2)	7	2	91	12	149	15	48	26	11	80
Not Serious (1)	5	1	94	56	653	14	46	29	12	375
N/A	4	3	93	6	67	15	58	12	15	26

12. How is your business doing today compared to the expectations you had for your business a year ago?

How Are _____ Compared to Expected

a. *Sales*										
Higher	3	1	96	27	321	6	45	32	16	185
Same	5	2	93	43	509	17	44	28	11	281
Lower	15	1	84	29	351	20	54	17	9	161
N/A	–	–	–	1	9	–	–	–	–	2
b. *Profits*										
Higher	2	2	96	15	173	4	44	32	20	94
Same	5	1	94	44	523	15	47	27	11	290
Lower	12	1	87	40	473	19	48	24	9	239
N/A	–	–	–	1	21	–	–	–	–	6
c. *Satisfaction*										
Higher	2	1	97	21	249	9	47	27	17	142
Same	5	2	93	44	526	15	44	30	11	298
Lower	13	2	85	33	393	18	52	21	9	182
N/A	–	–	–	2	22	–	–	–	–	7

13. In what areas have you experienced more or less difficulty than you had expected when you became owner or principal manager of your business?

Experienced More (Less) Difficulty Than Expected

a. *Developing Sales*										
More (5)	19	2	79	12	145	23	37	28	12	65
(4)	9	1	90	17	203	17	51	21	11	105
(3)	6	*	94	29	345	18	44	28	11	177
(2)	4	1	95	19	227	10	47	29	15	136
Less (1)	5	2	93	21	245	9	52	28	11	136
N/A	–	–	–	2	25	–	–	–	–	10

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
b. *Hiring/Managing People*										
More (5)	11	1	88	12	141	19	41	24	16	70
(4)	5	2	93	17	196	11	45	29	15	105
(3)	7	1	92	26	311	11	47	29	14	182
(2)	7	1	92	17	207	21	43	28	8	120
Less (1)	9	2	89	23	271	15	50	26	10	121
N/A	2	*	98	5	64	15	75	10	*	31
c. *Accounting/Record Keeping*										
More (5)	6	1	94	12	145	16	44	32	9	69
(4)	6	1	94	17	197	11	44	30	16	1121
(3)	7	1	92	30	359	15	49	25	11	2021
(2)	9	1	90	20	234	20	39	27	14	1321
Less (1)	9	3	88	19	224	13	55	22	10	1011
N/A	3	3	94	2	31	–	–	–	–	13
d. *Getting Loans/Financing*										
More (5)	14	2	84	13	159	25	28	34	12	67
(4)	7	2	91	11	128	16	52	22	12	69
(3)	6	1	93	24	288	13	50	22	15	159
(2)	7	*	93	19	232	19	42	29	11	137
Less (1)	6	2	92	27	311	8	54	29	10	157
N/A	6	1	93	6	71	15	54	23	8	40
e. *Responding to Competitors*										
More (5)	21	3	76	2	33	–	–	–	–	17
(4)	8	0	92	8	92	15	55	25	6	53
(3)	8	1	91	34	396	16	45	25	14	213
(2)	3	2	95	25	294	20	41	28	12	170
Less (1)	10	1	89	27	327	8	51	29	13	158
N/A	7	5	88	4	48	–	–	–	–	18
f. *Controlling Costs*										
More (5)	6	1	93	11	136	15	44	27	15	68
(4)	9	1	90	25	297	16	48	26	11	153
(3)	6	2	92	33	388	15	48	26	11	232
(2)	8	2	90	20	234	19	41	26	15	124
Less (1)	8	1	91	9	110	2	56	33	9	45
N/A	–	–	–	2	25	–	–	–	–	7
g. *Controlling Inventories*										
More (5)	3	4	93	6	74	21	45	29	5	38
(4)	7	1	92	18	216	17	46	27	10	117
(3)	8	1	91	31	372	17	47	25	11	206
(2)	7	1	92	22	265	11	44	30	15	143
Less (1)	10	1	89	19	221	12	51	24	14	109
N/A	5	5	90	4	42	–	–	–	–	16

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
h. *Planning/Strategy*										
More (5)	3	2	95	7	80	18	42	26	13	38
(4)	8	1	91	19	227	11	53	29	7	122
(3)	8	1	91	34	403	17	42	27	14	223
(2)	8	1	91	22	267	18	47	23	12	141
Less (1)	7	3	90	14	164	9	49	28	13	85
N/A	7	*	93	4	49	–	–	–	–	20
i. *Dealing With Suppliers*										
More (5)	17	0	83	4	54	13	47	22	19	32
(4)	7	1	92	9	106	18	57	18	7	60
(3)	8	1	91	30	357	11	45	29	15	192
(2)	10	1	89	24	280	19	44	30	8	156
Less (1)	5	2	93	29	344	14	48	26	13	168
N/A	1	1	98	4	48	–	–	–	–	21
j. *Cost of Government Regulation/Red Tape*										
More (5)	7	1	92	33	391	14	43	27	16	206
(4)	7	2	93	21	254	14	46	31	9	137
(3)	6	3	91	24	284	16	49	26	10	165
(2)	9	*	91	10	118	22	41	24	14	59
Less (1)	13	0	87	9	108	10	60	20	10	50
N/A	6	3	91	3	35	–	–	–	–	12

14. Think about your primary competitor, that firm your customers would go to if or when they do not buy from you. Which of the following would best describe your major competition?

Major Competitor										
Same Size	6	1	93	17	206	14	51	25	9	118
1-5 Times Larger	8	1	91	34	397	11	48	30	11	204
More than 5 Times Larger	6	3	91	25	302	16	44	27	13	157
Unknown	9	1	90	23	270	18	46	22	14	147
N/A	–	–	–	1	14	–	–	–	–	3

15. From the list below, how would you describe your business strategy?

Business Strategy										
Lower Prices										
Not Used	7	1	92	49	578	13	43	31	12	328
Less than 5%	3	5	92	7	79	19	40	24	17	42
6–10%	6	*	94	12	146	13	48	29	10	79
11–20%	8	2	90	13	149	14	54	21	12	78
21–30%	11	3	86	8	92	15	66	17	2	41
31–40%	15	*	85	3	34	–	–	–	–	17
41–50%	5	3	92	3	39	–	–	–	–	19
51% or More	13	*	87	3	39	–	–	–	–	15
N/A	12	6	82	2	34	–	–	–	–	13

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
Better Service										
Not Used	10	1	89	10	114	22	41	26	11	46
Less than 5%	24	*	76	1	17	–	–	–	–	7
6–10%	4	3	93	6	75	13	67	13	7	45
11–20%	9	1	90	18	213	12	50	25	13	112
21–30%	7	1	92	21	245	16	44	32	9	128
31–40%	6	1	93	13	149	13	48	23	11	79
41–50%	5	2	93	15	180	19	52	33	13	112
51% or More	7	2	91	14	163	19	32	33	16	90
N/A	12	6	82	3	34	–	–	–	–	13
More Choices/Selection										
Not Used	8	1	91	56	664	16	47	26	11	357
Less than 5%	6	3	91	5	63	3	53	31	13	32
6–10%	5	1	94	14	160	15	44	29	13	87
11–20%	9	*	91	12	147	15	51	18	16	76
21–30%	3	1	96	6	69	15	41	39	5	39
31–40%	11	4	85	2	27	–	–	–	–	16
41% or More	12	3	85	2	26	–	–	–	–	12
N/A	12	6	82	3	34	–	–	–	–	13
Reputation for Quality										
Not Used	9	2	89	16	191	13	53	27	7	97
Less than 5%	–	–	–	2	25	–	–	–	–	9
6–10%	4	*	96	10	123	10	52	22	16	68
11–20%	7	1	92	23	269	19	39	29	13	151
21–30%	10	2	88	20	233	15	47	28	10	127
31–40%	5	3	92	11	132	16	50	24	11	76
41–50%	7	1	92	9	107	10	50	26	14	50
51% or More	4	*	96	6	76	10	42	37	12	41
N/A	12	6	82	3	34	–	–	–	–	13
Advertise More Effectively										
Not Used	7	1	92	63	751	15	46	26	13	405
Less than 5%	8	1	91	9	109	11	45	31	13	54
6–10%	6	*	94	13	151	13	50	32	5	78
11–20%	9	1	90	9	100	11	56	22	11	54
21% or More	18	2	80	3	45	16	53	21	11	28
N/A	12	6	82	3	34	–	–	–	–	13
Target Customers Missed/Poorly Served										
Not Used	8	2	90	57	676	15	46	26	13	405
Less than 5%	8	1	91	8	92	17	40	30	13	47
6–10%	4	1	95	14	166	10	48	30	13	95
11–20%	5	1	93	13	149	16	45	29	10	82
21% or More	8	2	90	6	73	11	70	29	0	27
N/A	12	6	82	2	34	–	–	–	–	13

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
Superior Location										
Not Used	7	2	91	80	954	14	48	27	11	517
Less than 5%	8	*	92	5	60	14	45	31	10	29
6–10%	5	2	93	5	61	13	55	18	13	38
11–20%	15	*	85	5	54	24	29	29	19	21
21% or More	*	*	100	2	27	–	–	–	–	14
N/A	12	6	82	3	34	–	–	–	–	13
Better Appearance										
Not Used	8	2	90	59	696	15	45	28	12	370
Less than 5%	5	1	96	8	93	11	64	19	6	47
6–10%	5	2	93	15	175	13	48	28	11	99
11–20%	8	*	92	11	131	15	47	26	12	74
21% or More	3	2	95	5	61	10	49	31	10	29
N/A	12	6	82	2	34	–	–	–	–	13
Unavailable Product or Service										
Not Used	7	1	92	62	740	14	47	28	11	408
Less than 5%	11	1	88	6	72	15	50	26	9	34
6–10%	5	2	93	13	147	14	51	25	11	81
11–20%	6	*	94	9	104	19	54	14	14	52
21–30%	14	2	84	4	44	10	29	43	19	21
31% or More	14	4	82	4	49	–	–	–	–	23
N/A	12	6	82	3	34	–	–	–	–	13
16. What are the odds of any business like yours succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?										
Odds of Success — Any Business Like Yours										
No Chance (0)	–	–	–	*	5	–	–	–	*	1
(1)	9	*	92	5	58	18	43	32	7	28
(2)	3	3	94	9	106	19	41	29	10	58
(3)	8	*	92	12	137	8	45	28	19	75
(4)	8	3	89	8	90	10	47	31	12	51
(5)	8	1	91	30	358	15	44	26	15	196
(6)	7	2	91	9	107	20	53	20	8	51
(7)	5	1	94	9	110	12	53	27	8	60
(8)	5	*	95	8	96	12	52	29	7	58
(9)	14	2	84	3	37	–	–	–	–	17
Certain (10)	11	*	89	4	44	–	–	–	–	18
N/A	12	5	83	3	42	–	–	–	–	16
17. What are the odds of your business succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?										
Odds of Success — Your Business										
No Chance (0)	–	–	–	*	1	–	–	–	–	1
(1)	19	3	78	2	27	–	–	–	–	7
(2)	–	–	–	1	19	–	–	–	–	5
(3)	28	*	72	2	29	–	–	–	–	13
(4)	15	*	85	2	26	–	–	–	–	11
(5)	8	2	90	12	136	22	44	27	8	64
(6)	8	1	91	5	63	19	60	8	14	37

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
(7)	9	2	89	11	126	12	48	25	15	65
(8)	7	2	91	20	234	14	43	29	13	120
(9)	4	*	96	19	220	17	45	30	9	127
Certain (10)	4	1	95	22	257	9	44	32	14	153
N/A	9	4	87	4	52	15	54	11	15	26

18. During the next five years, how much average change per year do you expect in the market you are trying to serve:

Expected Change in _____

a. *Customers*										
20% Increase	7	1	92	23	276	13	38	31	18	133
11–20% Increase	8	1	91	26	305	12	43	35	11	162
3–10% Increase	7	1	92	32	369	16	53	23	9	213
Unchanged	5	2	93	9	108	19	42	23	16	64
Decrease	10	*	90	5	57	7	67	17	10	30
Unknown	15	6	79	3	38	–	–	–	–	20
N/A	7	4	89	2	27	–	–	–	–	7
b. *Competitors*										
20% Increase	8	3	89	5	65	10	32	32	26	31
11–20% Increase	9	4	87	8	90	12	49	22	18	51
3–10% Increase	9	1	90	24	287	11	44	33	12	158
Unchanged	7	1	92	37	443	19	46	27	9	241
Decrease	8	1	91	11	133	14	49	28	10	72
Unknown	5	2	93	12	141	13	58	16	12	67
N/A	7	3	90	3	31	–	–	–	–	9
c. *Sales*										
20% Increase	6	1	93	11	133	8	40	31	21	62
11–20% Increase	11	1	88	17	207	11	49	30	10	110
3–10% Increase	6	2	92	34	404	17	46	27	10	227
Unchanged	8	2	90	18	209	15	45	28	12	120
Decrease	4	1	95	6	73	19	53	19	9	32
Unknown	8	2	90	11	125	17	54	15	14	65
N/A	5	3	92	3	39	–	–	–	–	13

19. What sources of information or assistance have been most important to you in running your business during the last twelve months?

Information from:

a. *Accountant/Bookkeeper*										
Very Important	6	2	92	44	528	15	42	30	13	283
Some Importance	7	1	92	31	370	14	51	23	13	200
Little Importance	10	2	88	12	145	12	48	31	9	75
Not Used	10	1	89	10	113	16	55	23	5	56
N/A	9	3	88	3	34	–	–	–	–	15
b. *Friends/Relatives*										
Very Important	9	1	90	15	177	9	51	31	8	96
Some Importance	7	2	91	27	322	17	44	30	9	162
Little Importance	7	2	91	29	349	16	51	22	11	195
Not Used	8	1	91	25	294	12	41	29	18	157
N/A	6	2	92	4	48	–	–	–	–	19

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
c. *Other Business Owners*										
Very Important	11	1	88	15	178	13	49	32	7	88
Some Importance	7	1	92	42	495	17	48	25	11	263
Little Importance	5	2	93	24	285	16	44	27	13	165
Not Used	10	2	88	16	187	7	48	29	16	94
N/A	4	4	92	3	47	–	–	–	–	19
d. *Government Programs/Sources*										
Very Important	8	3	89	3	37	18	46	23	14	22
Some Importance	6	1	93	9	110	12	56	20	12	59
Little Importance	8	1	91	26	313	17	48	26	9	174
Not Used	7	2	91	54	634	14	44	30	13	328
N/A	8	2	90	8	96	16	58	12	14	46
e. *Bankers*										
Very Important	8	1	91	18	212	13	42	30	15	119
Some Importance	7	1	92	31	369	14	53	25	8	193
Little Importance	7	3	90	25	292	15	43	28	15	158
Not Used	8	1	91	22	267	17	46	27	9	139
N/A	6	4	90	4	50	–	–	–	–	20
f. *Trade Associations*										
Very Important	4	1	95	11	129	9	57	27	7	68
Some Importance	8	3	89	31	367	15	49	22	14	212
Little Importance	6	1	93	27	320	17	42	29	11	170
Not Used	10	1	89	27	317	12	42	33	12	153
N/A	4	4	92	4	57	27	69	4	*	26
g. *Lawyers*										
Very Important	8	1	91	8	93	9	42	38	11	53
Some Importance	8	1	91	22	259	18	47	19	17	142
Little Importance	5	1	94	31	372	12	47	29	12	217
Not Used	9	2	89	35	413	16	49	28	8	194
N/A	8	3	89	4	53	–	–	–	–	23
h. *Books, Generally Available Manuals*										
Very Important	7	2	91	18	213	13	52	32	3	99
Some Importance	7	2	91	36	433	16	42	30	12	240
Little Importance	7	1	92	25	299	13	51	21	15	177
Not Used	10	*	90	17	196	14	45	26	16	94
N/A	4	4	92	4	49	–	–	–	–	19
i. *Franchisors/Suppliers*										
Very Important	5	2	93	25	304	16	49	26	8	178
Some Importance	10	1	89	29	347	13	45	31	11	177
Little Importance	6	1	93	19	223	12	50	22	16	127
Not Used	8	2	90	22	263	17	42	28	14	126
N/A	9	2	89	4	53	–	–	–	–	21
j. *Courses/Seminars/Workshops*										
Very Important	7	1	92	16	189	9	44	37	11	93
Some Importance	7	2	91	25	292	18	48	24	11	166
Little Importance	4	2	94	20	239	16	46	25	13	137
Not Used	10	1	89	34	406	13	46	28	12	203
N/A	5	3	92	4	64	23	62	10	6	30

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
20. What factors do you feel motivate employees the most?										
Employee Motivations:										
a. *Personal/Friendly Relations*										
Very Important										
(1)	6	1	93	43	503	16	44	30	10	260
(2)	9	2	89	29	344	10	46	31	13	197
(3)	8	2	90	17	202	17	50	16	16	104
(4)	8	2	90	4	48	–	–	–	–	24
Not Important (5)	7	4	89	2	28	–	–	–	–	12
N/A	8	1	91	5	65	28	57	9	6	32
b. *Good Wages*										
Very Important										
(1)	6	1	93	38	448	15	48	25	12	242
(2)	9	1	90	36	424	16	43	27	14	230
(3)	8	2	90	18	219	9	53	31	7	108
(4)	11	0	89	2	27	–	–	–	–	16
Not Important (5)	–	–	–	1	13	–	–	–	–	6
N/A	5	2	93	5	59	26	63	7	4	27
c. *Extensive Fringe Benefits*										
Very Important										
(1)	8	2	90	10	124	10	58	20	12	60
(2)	8	1	91	21	254	17	46	22	15	141
(3)	7	1	92	35	410	13	46	29	12	206
(4)	8	1	91	18	211	13	44	33	11	128
Not Important (5)	9	2	89	10	121	19	43	32	6	63
N/A	7	3	90	6	70	26	62	6	6	31
d. *Shared Decisions/More Responsibility*										
Very Important										
(1)	8	1	91	29	347	13	48	26	13	176
(2)	5	2	93	35	405	14	49	28	9	214
(3)	10	2	88	21	250	13	43	32	12	140
(4)	11	1	88	6	74	18	39	25	18	44
Not Important (5)	2	2	96	4	47	–	–	–	–	21
N/A	6	3	91	5	67	29	56	3	12	34
e. *Close Supervision*										
Very Important										
(1)	9	1	91	14	168	15	48	24	13	87
(2)	6	2	92	16	196	13	46	24	17	111
(3)	7	2	91	30	356	14	46	29	11	180
(4)	5	2	93	22	258	18	42	29	11	142
Not Important (5)	12	1	87	12	139	9	54	30	7	69
N/A	7	3	90	6	73	25	60	9	6	32

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
f. *Profit Sharing*										
Very Important										
(1)	6	1	93	7	83	8	51	31	10	39
(2)	9	*	91	14	169	14	43	24	20	96
(3)	7	2	91	22	257	13	46	30	11	143
(4)	7	2	91	17	206	14	46	29	11	112
Not Important (5)	8	1	91	32	383	16	47	27	10	195
N/A	8	3	88	8	92	25	59	9	7	44
g. *Learning New Skills*										
Very Important										
(1)	8	1	91	28	333	12	44	32	11	161
(2)	6	2	92	32	381	15	48	26	12	223
(3)	8	1	92	21	248	15	47	24	14	136
(4)	10	1	89	7	87	12	52	29	7	42
Not Important (5)	10	4	86	6	72	14	43	29	14	35
N/A	7	1	92	6	69	31	57	9	3	32

21. Approximately how much of your time is allocated to the following activities:

Percent of Time Spent on _____

Dealing With Employees										
None	12	*	88	18	208	14	65	17	4	103
1–3%	7	2	91	6	75	9	66	21	5	44
4–6%	7	*	93	18	215	17	44	31	9	126
7–9%	–	–	–	2	20	–	–	–	–	13
10–12%	7	1	92	27	318	10	42	32	16	177
13–15%	5	2	93	5	61	17	50	28	6	36
16–25%	8	3	89	13	154	28	31	24	18	80
26–50%	5	1	94	9	107	11	41	23	25	44
51% or More	–	–	–	*	11	–	–	–	–	3
N/A	–	–	–	2	21	–	–	–	–	6
Record Keeping										
None	12	2	86	13	152	17	43	27	13	70
1–3%	5	3	92	5	63	7	61	23	10	31
4–6%	7	1	92	21	248	14	51	28	8	146
7–9%	–	–	–	1	14	–	–	–	–	8
10–12%	6	1	93	27	316	11	46	27	16	166
13–15%	10	*	90	6	68	16	41	39	5	44
16–25%	7	2	91	16	186	22	42	24	12	109
26–50%	9	4	88	9	102	13	49	24	13	45
51% or More	–	–	–	1	20	–	–	–	–	7
N/A	–	–	–	1	21	–	–	–	–	6

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
Selling/Customer Contact										
None	6	3	91	7	78	21	46	25	8	48
1–3%	–	–	–	1	19	–	–	–	–	13
4–6%	5	4	91	6	67	21	39	30	9	33
7–9%	–	–	–	*	9	–	–	–	–	6
10–12%	7	2	91	15	179	13	48	23	16	92
13–15%	6	4	90	4	48	19	42	27	12	26
16–25%	8	2	90	20	240	20	37	26	18	136
26–50%	7	1	92	31	366	9	51	31	9	186
51% or More	7	1	92	14	163	12	58	27	4	86
N/A	–	–	–	2	21	–	–	–	–	6
Actual Production/Service Provision										
None	8	1	91	32	385	13	47	27	13	207
1–3%	14	*	86	3	35	–	–	–	–	12
4–6%	4	*	96	10	114	17	47	23	13	53
7–9%	–	–	–	*	8	–	–	–	–	7
10–12%	8	2	90	14	166	23	42	24	11	91
13–15%	9	*	91	3	33	–	–	–	–	17
16–25%	3	3	94	8	93	13	40	32	15	47
26–50%	7	3	90	17	206	13	48	32	7	113
51% or More	9	2	89	11	129	11	56	27	6	79
N/A	–	–	–	2	21	–	–	–	–	6
Maintenance of Plant, etc										
None	7	2	91	31	359	17	38	28	17	194
1–3%	9	2	89	11	131	14	50	29	7	70
4–6%	7	1	92	29	349	14	51	26	9	190
7–9%	–	–	–	1	11	–	–	–	–	7
10–12%	9	1	90	17	202	12	50	26	12	100
13–15%	4	*	96	2	27	–	–	–	–	19
16–25%	7	1	92	5	61	16	50	34	0	32
26–50%	–	–	–	2	25	–	–	–	–	12
51% or More	–	–	–	*	4	–	–	–	–	2
N/A	–	–	–	2	21	–	–	–	–	6
Purchasing/Dealing with Suppliers										
None	7	2	91	15	175	17	45	24	15	89
1–3%	9	*	91	9	105	12	54	25	10	52
4–6%	6	2	92	26	303	10	55	27	7	168
7–9%	–	–	–	1	13	–	–	–	–	5
10–12%	8	2	90	27	313	18	43	26	14	171
13–15%	14	*	86	5	57	13	34	34	19	32
16–25%	8	1	91	12	146	21	36	29	14	77
26–50%	4	2	94	4	47	–	–	–	–	26
51% or More	–	–	–	*	12	–	–	–	–	6
N/A	–	–	–	2	21	–	–	–	–	6

YEAR TWO

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	7%	2%	91%	100%	1190	15%	48%	26%	11%	629
Cash Management/Arranging Finance										
None	6	1	93	27	326	12	49	32	7	164
1–3%	9	3	88	11	128	12	52	26	10	73
4–6%	8	2	90	23	264	14	52	22	11	143
7–9%	–	–	–	1	17	25	25	38	13	8
10–12%	7	1	92	1	249	17	41	27	15	144
13–15%	9	*	91	5	53	13	38	33	17	24
16–25%	8	3	89	8	91	19	45	23	13	47
26–50%	9	*	91	3	35	25	25	25	25	20
51% or More	–	–	–	*	6	0	67	0	33	3
N/A	–	–	–	1	21	–	–	–	–	6
Planning Growth/Change										
None	8	1	91	30	355	13	55	26	6	180
1–3%	10	5	85	9	103	11	47	35	7	55
4–6%	5	1	94	26	312	13	51	26	10	176
7–9%	–	–	–	1	12	–	–	–	–	7
10–12%	7	1	92	20	233	14	38	28	20	131
13–15%	7	*	93	4	41	–	–	–	–	24
16–25%	12	4	84	6	74	31	31	22	17	36
26–50%	12	3	85	3	34	–	–	–	–	16
51% or More	–	–	–	*	5	–	–	–	–	1
N/A	–	–	–	1	21	–	–	–	–	6

22. If you had enough money to live as comfortably as you would like for the rest of your life, would you continue to work or would you stop working?

Continue to Work If Comfortable										
Yes	7	2	91	85	992	15	46	26	12	534
No	9	1	90	15	174	13	49	30	9	88
N/A	–	–	–	2	25	–	–	–	–	7

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
1. About how many hours per week do you work for the firm?										
Hours Worked										
1–39	–	–	100	6	57	18	49	18	16	57
40–49	–	–	100	15	128	17	54	27	2	128
50–59	–	–	100	29	251	14	51	22	12	251
60–69	–	–	100	32	280	14	45	29	12	280
70–79	–	–	100	10	91	12	41	32	15	91
80 or More	–	–	100	7	62	21	40	27	11	62
N/A	–	–	100	1	8	–	–	–	–	8
2. About how many hours per week in total do unpaid family members work?										
Unpaid Family Hours										
1–9	–	–	100	13	109	11	43	33	13	109
10–19	–	–	100	11	95	12	53	23	13	95
20–29	–	–	100	9	78	15	54	23	8	78
30–39	–	–	100	4	38	26	45	24	5	38
40 or More	–	–	100	15	134	20	51	22	8	134
None/NA	–	–	100	48	419	14	46	28	12	419
3. On average how many full and part-time employees do you have (including yourself)?										
Employment Size (2 part-time = 1 full-time)										
Less than 2	–	–	100	18	153	25	75	*	*	153
2–3	–	–	100	19	169	15	68	17	*	169
3–6	–	–	100	32	277	11	42	46	1	277
6–10	–	–	100	15	133	15	36	33	16	133
10 or More	–	–	100	16	143	13	16	20	51	143
None/NA	–	–	100	*	2	–	–	–	–	2
4. Were any of the employees added in the last twelve months hired as managers or supervisors of other employees in your firm?										
Hired Supervisors/Managers Last 12 Months										
Yes	–	–	100	14	120	8	24	33	35	120
No	–	–	100	63	553	17	47	29	7	553
No Employees Added	–	–	100	19	170	17	68	14	2	170
N/A	–	–	100	4	34	15	32	15	29	34
5. Are other full-time partners or investors (other than yourself) now involved in your business?										
New Partners/Investors										
None	–	–	100	71	616	14	52	27	8	616
One	–	–	100	20	174	16	43	30	12	174
Two	–	–	100	5	46	22	24	15	39	46
Three or More	–	–	100	3	30	23	17	17	40	30
	–	–	–	1	11	–	–	–	–	11

5a. Have any full-time partners or investors left the business?

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
Number of Partners Left Business										
Never had	–	–	100	30	259	14	56	26	5	259
No	–	–	100	55	480	16	45	28	11	480
Yes, One	–	–	100	8	69	17	36	26	20	69
Yes, Two or more	–	–	100	3	26	15	27	8	50	26
N/A	–	–	100	5	42	17	49	22	12	42

6. Has the individual responsible for the day-to-day management of this business changed within the last 12 months?

Day to Day Manager Changed										
Yes	–	–	100	8	74	12	41	22	26	74
No	–	–	100	88	771	15	49	27	8	771
N/A	–	–	100	4	32	23	20	13	43	32

7. About what were your firm's gross sales or revenues during the last twelve months or during your last fiscal year?

Last Year's Gross Sales (in 000s)										
Less than $50	–	–	100	11	96	13	59	19	9	96
$50–99	–	–	100	16	140	16	60	23	1	140
$100–199	–	–	100	22	180	16	50	30	4	180
$200–349	–	–	100	16	143	17	41	34	8	143
$350–499	–	–	100	9	77	10	49	29	12	77
$500–749	–	–	100	6	56	18	43	18	21	56
$750–999	–	–	100	2	21	–	–	–	–	21
$1000–2999	–	–	100	9	83	16	27	28	30	83
$3000 and Over	–	–	100	4	33	6	39	27	27	33
N/A	–	–	100	5	48	17	59	13	11	48

8. Comparing the total assets of the firm today to total assets of the firm twelve months ago, about how much have total firm assets changed during the last twelve months?

8a. If "increased" or "decreased," by approximately what percentage?

Change in Assets Last 12 Months										
Increase	–	–	100	57	494	10	43	32	15	494
26% or More	–	–	100	8	68	9	31	35	25	68
25% or Less	–	–	100	25	204	9	44	35	12	204
No Answer	–	–	100	24	213	10	46	30	14	213
Same	–	–	100	32	280	21	54	18	7	280
Decrease	–	–	100	10	91	28	51	18	4	91
N/A	–	–	100	1	12	–	–	–	–	12

9. Which of the following have been major sources of new funds during the past twelve months?

New Funds										
Firm Earnings										
First	–	–	100	53	461	13	4	28	12	461
Second	–	–	100	10	90	18	53	24	13	90
Third or More	–	–	100	4	36	14	36	28	22	36
Not Used	–	–	100	23	195	18	50	27	5	195
N/A	–	–	100	10	95	17	51	19	13	95

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
Same Owners										
First	–	–	100	8	69	20	51	19	10	69
Second	–	–	100	8	72	21	39	26	14	72
Third or More	–	–	100	6	55	22	33	29	16	55
Not Used	–	–	100	67	584	15	49	28	10	584
N/A	–	–	100	11	95	17	51	19	13	95
New Owners										
First	–	–	100	2	16	–	–	–	–	16
Second	–	–	100	*	9	–	–	–	–	9
Third or More	–	–	100	4	32	25	25	38	12	32
Not Used	–	–	100	83	724	15	48	26	11	724
N/A	–	–	100	11	95	17	51	19	13	95
Loans										
First	–	–	100	14	122	21	40	28	12	122
Second	–	–	100	17	148	14	47	26	12	148
Third or More	–	–	100	8	70	12	43	29	16	70
Not Used	–	–	100	50	440	14	50	27	9	440
N/A	–	–	100	11	95	17	51	19	13	95
Trade Credit										
First	–	–	100	13	110	9	54	27	10	110
Second	–	–	100	18	159	9	45	33	14	159
Third or More	–	–	100	9	79	16	37	34	13	79
Not Used	–	–	100	49	432	19	48	23	10	432
N/A	–	–	100	11	95	17	51	19	13	95
10. During the last twelve months, have you made major changes in the nature of your business?										
a. *Added New Products/Services*										
Yes	–	–	100	43	376	17	43	29	13	376
No	–	–	100	54	472	14	52	24	10	472
N/A	–	–	100	3	29	24	35	38	3	29
b. *Dropped Products/Services*										
Yes	–	–	100	20	176	21	47	22	10	176
No	–	–	100	71	622	13	49	27	11	622
N/A	–	–	100	9	79	22	33	33	12	79
c. *Moved Locations*										
Yes	–	–	100	13	114	15	42	27	16	114
No	–	–	100	78	687	15	49	25	11	687
N/A	–	–	100	9	76	19	43	31	7	76
d. *New Branches/Locations*										
Yes	–	–	100	6	56	14	23	30	32	56
No	–	–	100	85	740	15	50	25	10	740
N/A	–	–	100	9	81	23	37	31	9	81
e. *Changed Business Name*										
Yes	–	–	100	5	46	20	41	20	20	46
No	–	–	100	83	725	14	46	25	11	725
N/A	–	–	100	12	108	21	41	27	11	108

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
f. *Changed Relative Prices*										
Higher	–	–	100	16	138	17	44	28	11	138
No Change	–	–	100	65	566	13	50	26	11	566
Lower	–	–	100	13	113	19	48	24	10	113
N/A	–	–	100	6	60	25	54	28	13	60
g. *Changed Advertising*										
More	–	–	100	25	223	10	44	31	15	223
No Changes	–	–	100	48	421	15	49	25	11	421
Less	–	–	100	20	171	20	52	22	6	171
N/A	–	–	100	7	62	23	42	26	9	62
h. *Changed Floor Space*										
Added	–	–	100	20	170	4	40	34	22	170
No Changes	–	–	100	70	613	16	49	26	9	613
Reduced	–	–	100	4	34	32	59	6	3	34
N/A	–	–	100	6	60	27	42	22	9	60

11. During the past twelve months, did any of the following hurt the development and performance of your business?

Hurt Sales

a. *Market Decline*										
Not Serious (1)	–	–	100	50	438	12	45	29	13	438
(2)	–	–	100	14	120	17	45	25	13	120
(3)	–	–	100	13	115	15	50	26	9	115
(4)	–	–	100	10	87	20	54	22	5	87
Serious (5)	–	–	100	10	88	22	53	17	8	88
N/A	–	–	100	3	29	24	34	28	14	29
b. *Competitive Pressure*										
Not Serious (1)	–	–	100	39	345	13	51	26	10	345
(2)	–	–	100	19	168	14	43	29	14	168
(3)	–	–	100	20	173	16	47	27	10	173
(4)	–	–	100	10	87	14	51	24	12	87
Serious (5)	–	–	100	8	72	24	43	21	13	72
N/A	–	–	100	4	32	25	38	28	9	32
c. *Cost/Quality of Labor*										
Not Serious (1)	–	–	100	43	377	13	55	23	10	377
(2)	–	–	100	17	152	19	41	28	12	152
(3)	–	–	100	18	160	11	41	34	14	160
(4)	–	–	100	10	87	20	37	29	15	87
Serious (5)	–	–	100	6	51	28	51	18	4	51
N/A	–	–	100	6	50	16	46	26	12	50
d. *Costs/Quality of Materials*										
Not Serious (1)	–	–	100	34	297	13	49	25	14	297
(2)	–	–	100	23	204	13	45	31	11	204
(3)	–	–	100	24	209	16	49	26	9	209
(4)	–	–	100	12	104	23	44	25	8	104
Serious (5)	–	–	100	3	26	15	62	19	4	26
N/A	–	–	100	4	37	24	43	22	11	37

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
e. *Family Demands/Health Problems*										
Not Serious (1)	–	–	100	57	503	14	48	26	13	503
(2)	–	–	100	17	146	18	46	24	12	146
(3)	–	–	100	11	95	14	42	36	8	95
(4)	–	–	100	6	50	14	60	18	8	50
Serious (5)	–	–	100	4	40	23	50	28	0	40
N/A	–	–	100	5	43	21	42	28	9	43
f. *Getting Credit/Finance*										
Not Serious	–	–	100	55	483	13	51	26	10	483
(2)	–	–	100	14	122	14	46	29	11	122
(3)	–	–	100	12	101	13	44	23	21	101
(4)	–	–	100	8	66	20	46	29	6	66
Serious (5)	–	–	100	6	57	33	35	25	7	57
N/A	–	–	100	5	48	17	44	29	10	48

12. How is your business doing today compared to the expectations you had for your business when you started it or because the principal owner/manager?

How are _____ Compared to Expected?										
a. *Sales*										
Higher	–	–	100	29	253	10	40	32	18	253
Same	–	–	100	36	316	14	49	29	9	316
Lower	–	–	100	32	284	22	51	19	7	284
N/A	–	–	100	3	24	–	–	–	–	24
b. *Profits*										
Higher	–	–	100	15	134	8	46	25	21	134
Same	–	–	100	31	275	14	43	30	14	275
Lower	–	–	100	52	454	19	50	25	6	454
N/A	–	–	100	2	14	–	–	–	–	14
c. *Satisfaction*										
Higher	–	–	100	21	187	9	46	28	18	187
Same	–	–	100	43	378	14	46	30	10	378
Lower	–	–	100	32	277	21	52	20	8	277
N/A	–	–	100	4	35	20	40	26	14	35

13. From the list below, how would you describe your business strategy?

Business Strategy										
Lower Prices										
Not Used	–	–	100	54	471	14	47	28	11	471
1–5%	–	–	100	6	55	13	56	24	7	55
6–10%	–	–	100	11	100	18	52	20	10	100
11–20%	–	–	100	10	85	15	44	26	15	85
21–30%	–	–	100	6	55	18	53	24	5	55
31–40%	–	–	100	3	29	21	55	17	7	29
41–50%	–	–	100	3	29	21	24	38	17	29
51% or More	–	–	100	3	22	–	–	–	–	22
N/A	–	–	100	4	31	13	45	26	16	31

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
Better Service										
Not Used	–	–	100	8	67	16	47	25	12	67
1–5%	–	–	100	2	23	–	–	–	–	23
6–10%	–	–	100	5	44	18	53	18	11	44
11–20%	–	–	100	17	146	12	48	29	11	146
21–30%	–	–	100	24	208	18	44	31	7	208
31–40%	–	–	100	11	98	11	59	17	14	98
41–50%	–	–	100	15	135	16	47	29	9	135
51% or More	–	–	100	14	125	16	47	23	14	125
N/A	–	–	100	4	31	13	45	26	16	31
More Choices/Selection										
Not Used	–	–	100	52	453	15	49	25	11	453
1–5%	–	–	100	5	40	25	43	17	15	40
6–10%	–	–	100	16	138	13	49	33	5	138
11–20%	–	–	100	13	115	15	48	25	12	115
21–30%	–	–	100	7	64	17	37	32	14	64
31–40%	–	–	100	2	19	–	–	–	–	19
41–50%	–	–	100	1	12	–	–	–	–	12
51% or More	–	–	100	*	5	–	–	–	–	5
N/A	–	–	100	4	31	13	45	26	16	31
Reputation for Quality										
Not Used	–	–	100	16	142	16	50	28	6	142
1–5%	–	–	100	3	29	21	38	28	13	19
6–10%	–	–	100	10	89	14	44	32	10	89
11–20%	–	–	100	20	176	18	46	24	12	176
21–30%	–	–	100	23	194	18	44	26	12	194
31–40%	–	–	100	10	90	7	59	21	13	90
41–50%	–	–	100	7	65	11	52	25	12	65
51% or More	–	–	100	7	61	13	46	33	8	61
N/A	–	–	100	4	31	13	45	26	16	31
Advertise More Effectively										
Not Used	–	–	100	65	565	16	47	26	11	565
1–5%	–	–	100	7	65	13	56	20	11	65
6–10%	–	–	100	14	127	12	49	28	11	127
11–20%	–	–	100	7	59	14	46	29	11	59
21–30%	–	–	100	2	20	–	–	–	–	20
31% or More	–	–	100	1	10	–	–	–	–	10
N/A	–	–	100	4	31	13	45	26	16	31
Target Customers Missed/Poorly Served										
Not Used	–	–	100	56	489	15	48	26	11	489
1–5%	–	–	100	7	60	18	52	20	10	60
6–10%	–	–	100	18	156	15	43	28	14	57
11–20%	–	–	100	9	82	18	50	26	6	82
21–30%	–	–	100	5	42	17	45	36	2	42
31% or More	–	–	100	2	17	–	–	–	–	17
N/A	–	–	100	3	31	13	45	26	16	31

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
Superior Location										
Not Used	–	–	100	79	696	16	47	26	11	696
1–5%	–	–	100	5	40	13	54	20	13	40
6–10%	–	–	100	6	51	14	40	33	14	51
11–20%	–	–	100	5	40	12	58	25	5	40
21% or More	–	–	100	2	19	–	–	–	–	19
N/A	–	–	100	3	31	13	45	26	16	31
Better Appearance										
Not Used	–	–	100	60	522	17	46	25	12	522
1–5%	–	–	100	6	57	16	41	29	14	57
6–10%	–	–	100	17	147	13	49	27	11	147
11–20%	–	–	100	8	66	6	55	35	5	66
21–30%	–	–	100	5	43	14	49	30	7	43
31% or More	–	–	100	1	11	–	–	–	–	11
N/A	–	–	100	3	31	13	45	26	16	13
Unavailable Product or Service										
Not Used	–	–	100	62	541	14	49	26	11	541
1–5%	–	–	100	5	46	11	46	26	17	46
6–10%	–	–	100	14	124	19	47	27	7	124
11–20%	–	–	100	7	58	19	36	36	9	58
21–30%	–	–	100	4	38	21	37	29	13	38
31% or More	–	–	100	4	39	14	64	14	8	39
N/A	–	–	100	4	31	13	45	26	16	13

14. What are the odds of any business like yours succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?

Odds of Success — Any Business Like Yours										
No Chance (0)	–	–	100	*	3	–	–	–	–	3
(1)	–	–	100	5	43	19	40	30	12	43
(2)	–	–	100	9	83	15	48	25	12	83
(3)	–	–	100	13	114	16	52	23	10	114
(4)	–	–	100	8	71	23	42	25	9	71
(5)	–	–	100	31	266	15	46	25	14	266
(6)	–	–	100	8	67	10	52	22	15	67
(7)	–	–	100	9	81	15	44	35	6	81
(8)	–	–	100	8	67	16	52	25	6	67
(9)	–	–	100	3	27	7	44	44	4	27
Certain (10)	–	–	100	3	28	14	43	36	7	28
N/A	–	–	100	3	27	19	49	15	22	27

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
15. What are the odds of your business succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?										
Odds of Success – Your Business										
No Chance (0)	–	–	100	*	3	–	–	–	–	3
(1)	–	–	100	2	14	–	–	–	–	14
(2)	–	–	100	2	20	–	–	–	–	20
(3)	–	–	100	3	26	12	65	8	15	26
(4)	–	–	100	1	9	–	–	–	–	9
(5)	–	–	100	11	99	21	44	28	6	99
(6)	–	–	100	6	54	20	56	19	6	54
(7)	–	–	100	12	101	24	44	26	7	101
(8)	–	–	100	20	170	12	47	27	15	170
(9)	–	–	100	19	167	12	45	31	11	167
Certain (10)	–	–	100	19	169	12	43	29	15	169
N/A	–	–	100	5	45	18	56	18	8	45
16. Since forming this business, have you taken any technical, vocational or professional development courses/training or attended any professional meetings/conventions?										
Continuing Education										
Yes	–	–	100	61	538	17	45	27	11	538
No	–	–	100	36	316	12	53	25	10	316
N/A	–	–	100	3	23	–	–	–	–	23
16a. If "yes," what type(s) was it?										
Type of Continuing Education										
Program for Certificate/License	–	–	100	11	100	20	36	29	15	100
General Business Skills	–	–	100	28	242	18	42	26	14	242
Skills Specific to my Business	–	–	100	41	359	17	43	28	11	359
Professional Meetings/Conventions	–	–	100	43	376	18	43	28	12	376
17. At this point in time, what is the total amount of capital invested in your business (by you and all other owners, investors and partners, including retained earnings)?										
Capital Invested to Date (in 000s)										
Less Than $5	–	–	100	3	27	15	56	19	11	27
$5–10	–	–	100	4	32	13	50	28	9	32
$10–20	–	–	100	10	84	11	56	26	7	84
$20–50	–	–	100	24	212	16	52	25	8	212
$50–100	–	–	100	28	245	18	43	27	12	245
$100–250	–	–	100	18	157	12	47	28	13	157
$250–500	–	–	100	6	51	26	29	26	20	51
$500–1,000	–	–	100	1	12	–	–	–	–	12
$1,000 or More	–	–	100	*	7	–	–	–	–	7
N/A	–	–	100	6	50	10	58	24	8	50

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877

18. Approximately how much of your time is allocated to the following activities:

Percent of Time on _____:

Dealing With Employees										
None	–	–	100	23	202	16	68	12	4	202
1–3%	–	–	100	8	70	10	50	33	7	70
4–6%	–	–	100	18	154	16	46	29	9	154
7–9%	–	–	100	1	13	–	–	–	–	13
10–12%	–	–	100	23	198	10	44	33	13	198
13–15%	–	–	100	5	44	18	36	32	14	44
16–25%	–	–	100	12	109	21	34	25	20	109
26–50%	–	–	100	8	67	16	27	36	21	67
51% or More	–	–	100	1	8	–	–	–	–	8
N/A	–	–	100	1	12	–	–	–	–	12
Record Keeping										
None	–	–	100	17	145	14	41	32	13	145
1–3%	–	–	100	5	48	19	52	25	4	48
4–6%	–	–	100	15	135	12	54	29	4	135
7–9%	–	–	100	2	15	–	–	–	–	15
10–12%	–	–	100	26	225	17	46	23	14	225
13–15%	–	–	100	7	63	19	51	24	6	63
16–25%	–	–	100	16	137	12	49	27	12	137
26–50%	–	–	100	9	81	17	42	27	14	81
51% or More	–	–	100	2	16	–	–	–	–	16
N/A	–	–	100	1	12	–	–	–	–	12
Selling/Customer Contact										
None	–	–	100	11	95	17	43	26	14	95
1–3%	–	–	100	1	13	–	–	–	–	13
4–6%	–	–	100	6	57	14	46	32	9	57
7–9%	–	–	100	1	7	–	–	–	–	7
10–12%	–	–	100	12	107	17	46	28	9	107
13–15%	–	–	100	4	39	15	46	23	15	39
16–25%	–	–	100	19	168	19	45	25	12	168
26–50%	–	–	100	27	240	13	45	29	13	240
51% or More	–	–	100	16	139	14	59	23	4	139
N/A	–	–	100	1	12	–	–	–	–	12
Actual Production/Service Provision										
None	–	–	100	34	294	13	47	29	11	294
1–3%	–	–	100	2	19	–	–	–	–	19
4–6%	–	–	100	9	81	14	41	28	17	81
7–9%	–	–	100	1	10	–	–	–	–	10
10–12%	–	–	100	11	93	17	40	25	18	93
13–15%	–	–	100	3	27	30	52	19	*	27
16–25%	–	–	100	10	89	21	40	29	9	89
26–50%	–	–	100	17	145	12	53	28	7	145
51% or More	–	–	100	12	107	16	61	19	4	107
N/A	–	–	100	1	12	–	–	–	–	12

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
Maintenance of Plant, etc.										
None	–	–	100	38	327	13	43	27	17	327
1–3%	–	–	100	9	80	16	49	26	9	80
4–6%	–	–	100	25	214	16	47	31	6	214
7–9%	–		100	1	13	–	–	–	–	13
10–12%	–	–	100	18	159	17	50	23	9	159
13–15%	–	–	100	3	22	18	73	9	0	22
16–25%	–	–	100	3	30	23	40	27	10	30
26–50%	–	–	100	2	18	–	–	–	–	18
51% or More	–	–	100	*	2	–	–	–	–	2
N/A	–	–	100	1	12	–	–	–	–	12
Purchasing/Dealing with Suppliers										
None	–	–	100	18	157	16	48	26	10	157
1–3%	–	–	100	7	59	15	51	22	10	59
4–6%	–	–	100	25	220	15	51	23	11	220
7–9%	–	–	100	2	15	–	–	–	–	15
10–12%	–	–	100	23	198	18	47	23	12	198
13–15%	–	–	100	5	48	23	38	35	4	48
16–25%	–	–	100	14	120	9	45	32	14	120
26–50%	–	–	100	5	43	12	44	40	5	43
51% or More	–	–	100	*	5	–	–	–	–	5
N/A	–	–	100	1	12	–	–	–	–	12
Cash Management/Arranging Finance										
None	–	–	100	32	278	12	52	29	17	278
1–3%	–	–	100	9	76	21	53	20	5	76
4–6%	–	–	100	24	213	17	48	22	12	213
7–9%	–	–	100	1	10	–	–	–	–	10
10–12%	–	–	100	18	159	17	42	25	16	159
13–15%	–	–	100	4	32	22	44	25	9	32
16–25%	–	–	100	8	73	10	53	40	18	73
26–50%	–	–	100	2	20	–	–	–	–	20
51% or More	–	–	100	*	4	–	–	–	–	4
N/A	–	–	100	1	12	–	–	–	–	12
Planning Growth/Change										
None	–	–	100	37	325	13	55	24	8	325
1–3%	–	–	100	9	75	20	44	32	4	75
4–6%	–	–	100	22	196	12	50	28	10	196
7–9%	–	–	100	1	9	–	–	–	–	9
10–12%	–	–	100	18	154	19	38	29	14	154
13–15%	–	–	100	4	35	17	51	17	14	35
16–25%	–	–	100	6	50	16	30	28	26	50
26–50%	–	–	100	2	19	–	–	–	–	20
51% or More	–	–	100	*	2	–	–	–	–	4
N/A	–	–	100	1	12	–	–	–	–	12

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
19. Since your first year in this business, have the average wages/salaries paid to your employees (for a person in a comparable job) increased, decreased or stayed about the same?										
Wages Changed										
No Employees	–	–	100	10	84	19	75	5	1	84
Increase	–	–	100	53	461	13	42	30	15	461
21% or More	–	–	100	10	87	11	36	32	21	87
11–20%	–	–	100	18	153	10	50	27	13	153
6–10%	–	–	100	19	161	14	37	31	17	161
1–5%	–	–	100	5	43	19	44	33	4	43
No Answer	–	–	100	2	17	–	–	–	–	17
No Change	–	–	100	31	268	16	49	28	7	268
Decrease	–	–	100	1	17	–	–	–	–	17
N/A	–	–	100	5	47	15	49	26	10	47
19a. Since your first year in this business, have the number and/or quality of the benefits provided your employees, e.g. paid vacations, insurance, etc., increased, decreased, or stayed about the same?										
Benefits Changed										
Increase	–	–	100	28	244	12	32	32	25	244
No Change	–	–	100	49	430	17	50	27	28	430
Decrease	–	–	100	2	19	–	–	–	–	19
N/A	–	–	100	21	184	14	61	19	26	184
20. What sources of information or assistance have been most important to you in running your business during the last twelve months?										
Information from:										
a *Accountant/Bookkeeper*										
Very Important	–	–	100	45	389	17	45	25	14	389
Somewhat	–	–	100	31	274	12	49	29	10	274
Little	–	–	100	12	109	16	49	26	10	109
Not Used	–	–	100	9	83	19	54	21	6	83
N/A	–	–	100	3	22	–	–	–	–	22
b *Friends/Relatives*										
Very Important	–	–	100	11	96	21	54	22	3	96
Somewhat	–	–	100	24	209	16	50	25	9	209
Little	–	–	100	30	259	14	44	29	12	259
Not Used	–	–	100	31	271	13	46	26	15	271
N/A	–	–	100	4	42	19	50	24	7	42
c *Business Owners*										
Very Important	–	–	100	14	122	16	55	22	7	122
Somewhat	–	–	100	34	302	18	45	27	11	302
Little	–	–	100	29	253	15	45	28	13	253
Not Used	–	–	100	19	164	10	50	27	13	164
N/A	–	–	100	4	36	22	45	25	8	36

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
d *Government Programs/Sources*										
Very Important	–	–	100	3	24	–	–	–	–	24
Somewhat	–	–	100	10	90	18	50	22	10	90
Little	–	–	100	27	240	14	44	28	14	240
Not Used	–	–	100	55	479	15	48	27	10	479
N/A	–	–	100	5	44	23	48	23	6	44
e *Bankers*										
Very Important	–	–	100	15	131	18	41	26	16	131
Somewhat	–	–	100	26	224	12	50	26	12	224
Little	–	–	100	29	257	17	46	26	10	257
Not Used	–	–	100	26	230	14	49	27	10	230
N/A	–	–	100	4	35	23	49	26	2	35
f *Trade Organizations*										
Very Important	–	–	100	10	91	12	40	33	15	91
Somewhat	–	–	100	30	263	14	49	26	12	263
Little	–	–	100	26	226	17	42	28	12	226
Not Used	–	–	100	29	250	15	55	23	7	250
N/A	–	–	100	5	47	21	43	23	13	47
g *Lawyers*										
Very Important	–	–	100	8	72	17	46	19	18	72
Somewhat	–	–	100	21	181	13	46	25	16	181
Little	–	–	100	30	263	15	44	27	14	263
Not Used	–	–	100	36	319	14	51	28	6	319
N/A	–	–	100	5	42	29	45	24	2	42
h *Generally Available Books/Manuals*										
Very Important	–	–	100	16	138	19	48	26	7	138
Somewhat	–	–	100	38	335	13	50	25	11	335
Little	–	–	100	26	224	15	42	29	14	224
Not Used	–	–	100	17	145	15	50	24	11	145
N/A	–	–	100	55	23	37	29	11	35	45
i *Franchisors/Suppliers*										
Very Important	–	–	100	25	215	13	48	27	12	215
Somewhat	–	–	100	30	263	14	53	26	8	263
Little	–	–	100	15	136	20	40	25	15	136
Not Used	–	–	100	25	218	14	46	27	12	218
N/A	–	–	100	5	45	24	38	27	11	45
j *Courses/Seminars/Workshops*										
Very Important	–	–	100	14	122	16	48	25	9	122
Somewhat	–	–	100	27	235	15	46	29	11	235
Little	–	–	100	25	218	18	45	23	15	218
Not Used	–	–	100	29	257	13	51	27	10	257
N/A	–	–	100	5	45	18	42	31	9	45

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
21. If you had a son or a daughter who wanted to go into business for himself/herself, to what extent would you approve or disapprove?										
Approval of Child Entering Own Business										
Approve (0)	–	–	100	18	151	15	46	28	11	151
(1)	–	–	100	12	103	18	48	27	7	103
(2)	–	–	100	12	103	20	47	22	11	103
(3)	–	–	100	9	82	16	45	29	12	82
(4)	–	–	100	3	24	–	–	–	–	24
(5)	–	–	100	18	151	15	42	29	13	151
(6)	–	–	100	2	19	–	–	–	–	19
(7)	–	–	100	4	36	17	44	28	11	36
(8)	–	–	100	6	51	14	51	20	16	51
(9)	–	–	100	1	11	–	–	–	–	11
Disapprove (10)	–	–	100	4	39	13	59	23	5	39
N/A	–	–	100	11	100	13	50	24	13	105
22. To what extent has ownership of this business satisfied the following personal objectives:										
Personal Objectives										
a. *Overcoming a Challenge*										
Very Satisfied (1)	–	–	100	47	411	13	46	26	14	411
(2)	–	–	100	31	270	16	49	27	7	270
(3)	–	–	100	14	125	20	50	25	6	125
(4)	–	–	100	3	23	–	–	–	–	23
Not Satisfied (5)	–	–	100	2	18	–	–	–	–	18
N/A	–	–	100	5	52	22	44	25	9	52
b. *Greater Respect/Recognition*										
Very Satisfied (1)	–	–	100	31	271	10	48	30	13	271
(2)	–	–	100	32	279	16	51	24	9	279
(3)	–	–	100	25	217	18	43	26	13	217
(4)	–	–	100	5	46	20	44	24	13	46
Not Satisfied (5)	–	–	100	2	18	–	–	–	–	18
N/A	–	–	100	5	46	23	48	23	6	46
c. *Build Something for the Family*										
Very Satisfied (1)	–	–	100	31	276	11	46	30	14	276
(2)	–	–	100	27	241	18	47	24	11	241
(3)	–	–	100	20	175	14	45	30	11	175
(4)	–	–	100	10	86	20	50	26	5	86
Not Satisfied (5)	–	–	100	8	67	19	57	13	10	67
N/A	–	–	100	4	32	19	53	19	9	32
d. *Earn Lots of Money*										
Very Satisfied (1)	–	–	100	6	52	10	42	27	21	52
(2)	–	–	100	14	124	8	52	27	13	124
(3)	–	–	100	27	241	12	42	30	15	241
(4)	–	–	100	18	154	20	52	21	7	154
Not Satisfied (5)	–	–	100	30	264	20	49	25	6	264
N/A	–	–	100	5	42	19	40	29	12	42

YEAR THREE

	Discontinued	Sold	Survived	Row %	N[1]	Decline	Stable	Expand	Grow	N[2]
Total	–	–	100%	100%	877	15%	48%	26%	11%	877
c *Control Over Life*										
Very Satisfied (1)	–	–	100	31	274	13	49	24	14	274
(2)	–	–	100	30	257	17	46	28	8	257
(3)	–	–	100	20	172	13	43	31	13	172
(4)	–	–	100	10	85	20	51	21	8	85
Not Satisfied (5)	–	–	100	7	64	14	52	25	9	64
N/A	–	–	100	2	25	–	–	–	–	25
f *Fulfill Others Expectations*										
Very Satisfied (1)	–	–	100	15	130	9	49	27	16	130
(2)	–	–	100	26	221	18	51	23	8	221
(3)	–	–	100	35	311	15	47	27	11	311
(4)	–	–	100	10	90	17	39	33	11	90
Not Satisfied (5)	–	–	100	6	55	11	51	26	13	55
N/A	–	–	100	8	70	23	43	24	10	70
g *Use Skills/Abilities*										
Very Satisfied (1)	–	–	100	49	418	13	49	26	11	418
(2)	–	–	100	34	297	18	43	28	10	297
(3)	–	–	100	12	107	11	50	25	13	107
(4)	–	–	100	2	21	–	–	–	–	21
Not Satisfied (5)	–	–	100	1	13	–	–	–	–	13
N/A	–	–	100	2	21	–	–	–	–	21
h *Steadier Employment*										
Very Satisfied (1)	–	–	100	28	239	11	51	27	12	239
(2)	–	–	100	24	213	18	44	29	9	213
(3)	–	–	100	25	223	14	46	31	10	223
(4)	–	–	100	9	83	18	45	24	13	83
Not Satisfied (5)	–	–	100	7	59	15	59	10	15	59
N/A	–	–	100	7	60	25	45	18	12	60
i *Live Where/How I Want*										
Very Satisfied (1)	–	–	100	34	296	15	48	24	13	296
(2)	–	–	100	24	211	19	43	29	10	211
(3)	–	–	100	21	185	10	49	32	9	185
(4)	–	–	100	9	81	17	51	22	10	81
Not Satisfied (5)	–	–	100	8	67	15	54	19	12	67
N/A	–	–	100	4	37	19	46	22	13	37

23. Looking back — knowing what you know now — would you go into this business again?

Go in Business Again										
Yes, Same Way	–	–	100	43	374	9	49	13	12	374
Yes, Major Changes	–	–	100	39	345	21	44	10	11	345
Not This Business	–	–	100	11	95	15	56	5	5	95
Not Any Business	–	–	100	3	28	7	57	1	11	28
N/A	–	–	100	4	35	26	34	17	23	35

YEAR THREE

	Discontinued	Sold	Survived	Row %	N¹	Decline	Stable	Expand	Grow	N²
Total	–	–	100%	100%	877	15%	48%	26%	11%	877

24. Approximately how much money were you personally able to "take out" of your business during the last 12 months (including salary, draw, dividends, etc.)?

Money Taken Out/Last 12 Months (in 000's)										
Prefer Not to Answer	–	–	100	15	133	14	51	25	11	133
Less Than $10	–	–	100	23	195	20	56	21	3	195
$10–$15	–	–	100	11	95	19	47	30	4	95
$15–25	–	–	100	17	146	11	53	27	10	146
$25–35	–	–	100	13	114	15	37	36	12	114
$35–50	–	–	100	10	85	13	39	29	19	85
$50–75	–	–	100	5	46	11	28	22	39	46
$75 or More	–	–	100	2	20	–	–	–	–	20
N/A	–	–	100	5	43	19	49	21	9	43

Appendix II: A Note On Sampling And Methodology

Data for this study were collected from a national sample of new business owners that were members of the National Federation of Independent Business in May, 1985. No "new business" universe exists against which to compare the representativeness of the NFIB sample. However, estimates of the total population and special surveys, such as the Characteristics of Business Ownership (CBO),[1] suggest that the NFIB sample provides a reasonable base from which to conduct an analysis of new business in America.

The new business population in the NFIB sample and therefore the study does not include all new business entities. It omits part-time operations. Defining a part-time operation is arbitrary. It also risks the possibility of excluding some firms that eventually become substantial businesses. However, as a practical matter virtually all businesses in the NFIB sample put in more than 30 hours per week and grossed more than $25,000 in the first year.

It would appear that the NFIB sample reasonably reflects the non-part-time new business population. While available data do not permit unqualified assertions to that effect, a few examples may be helpful. The table below compares the NFIB sample to the population (IRS data, 1985)[2] and the CBO 1982 survey by annual gross receipts. As expected, the population grossed more than did its newest members as represented by the NFIB sample. Also as expected, the NFIB sample, which contains corporations, grossed somewhat more than did CBO firms which do not (except Sub-Chapter S's).

[1] *1982 Characteristics of Business Owners*, Bureau of the Census, U.S. Department of Commerce, August 1987. The CBO is the Census's first effort to present data on minority and women-owned businesses and their owners as well as a comparable non-minority, male business universe. The CBO sample for purposes of the current study has two important limitations. It includes businesses of all ages and excludes corporations except for S corporations.

[2] The *Statistics of Income* published annually by the Internal Revenue Service provides the number of persons (including legal persons) who report business income by size of annual gross receipts. The total number of business income tax filings is dominated by proprietorships grossing less than $25,000 per year. Most of these businesses are part-time activities. The calculations derived from these data include all corporations, partnerships and proprietorships annually grossing more than $25,000.

Geographic location constitutes a second area of comparison. As with the size comparisons above, the data sets employed are not totally comparable. D&B's *Business Starts* series counts new establishments (not new firms or ownership changes) no matter what sized firm opens them. D&B's *New Incorporations* series counts legal incorporations whether they represent new firms or not and whether they operate as an actual business or not. However, they blend to present a useful portrait. It shows that the NFIB sample may have a slight western bias, though shifts in the population and real estate development could easily explain differentials in the South Atlantic (large firms opening many outlets and considerable real estate development) and the Plains (few new outlets and little real estate development).

The most telling comparisons, however, come from the special CBO tabulations run for this study at the Bureau of the Census. The special tabulations included only those firms that were formed in 1980 through 1982 and eliminated those whose owners worked in the business 20 hours per week or less and annually grossed less than $25,000. The tabulations did not contain corporations. However, recognizing that new corporations are usually a little larger than new proprietorships and partnerships and that their owners have somewhat more exposure to business practice, comparisons between the CBO runs and the NFIB sample are useful. They suggest that the NFIB sample is reasonably representative. For example, the distribution of men/women and ethnic minorities/non-minorities were similar. The proportions who were married, had owned a business previously, and had taken business courses closely paralleled one another. Firms in the NFIB sample were somewhat more likely to have been purchased and had greater initial capitalization than those in the CBO data. Their owners also worked longer hours, but the differences could easily be explained by the inclusion/exclusion of corporate businesses.

Forty-six (46) percent of the original sample were retailers compared to 30 percent in the total population. But,

Comparison Of NFIB New Business Sample, Population And CBO Survey By Annual Gross Receipts

Annual Gross Receipts (000s)	NFIB Sample	Population	CBO Survey
$25–$49	33	25	40
$50–$99	24	24	27
$100–$499	29	35	29
$500–$1,000	5	7	3
$1,000 or More	4	9	2
N/A	5	–	–
Total	100%	100%	100%

retail businesses turn over much faster than do those in other industries, implying that the new business population contains a greater proportion of retailers than does the mature population.

Dun's *Business Starts* (1984) series, which measures establishment openings, reported that 47 percent of business starts in 1984 were in trade (retail [35 percent] and wholesale [12 percent]) compared to NFIB's 50 percent. Given the often artificial line between wholesale and retail operations, the Dun's numbers suggest that the sample's industry distribution is reasonable. The CBO, however, placed the number of retailers at 23 percent with 8 percent unclassified. One explanation for these strikingly different numbers lies with the proportion of establishments opened by large firms. So, on balance, it is reasonable to assume that retailers are overrepresented in the NFIB sample by several percentage points.

Association membership, specifically NFIB membership, introduces an element of uncertainty into the sample. However, there is no a priori reason to believe that self-selected association membership is related to any aspect of new business formation and development. The organization offers no particular benefit to any type of new business vis-a-vis any other or to any new business vis-a-vis an older one. Membership is open to all independent business owners and recruitment methods appear not to have major biases for or against any segment of the small business population.

On the membership form, each NFIB member reports the age of his or her current business. Those whose businesses were aged one year old or less received a mail questionnaire in May, 1985. After weeding out respondents who had become owners prior to 1984, the sample consisted of 2994 new business owners spread across the United States. (All

Comparison Of NFIB New Business Sample, D&B Business Starts And D&B New Incorporations, 1984

Geographic Region	NFIB Sample	D&B Starts	D&B Incorps
New England	4	4	5
Mid-Atlantic	9	14	18
South Atlantic	13	19	25
Great Lakes	14	16	13
ESC	5	6	4
Plains	12	6	5
WSC	16	15	10
Mountain	11	*	*
Pacific	18	15	13
Total	100%	100%	100%

businesses in the study were formed in 1984 or the first four months of 1985.) In May, 1986, and again in May, 1987, respondents received another questionnaire. The response rate from an initial mailing and two reminders in each of the three years was virtually identical — 40 percent. If a response was not received to the second or third reminder, a postcard was mailed simply requesting the status of the business, i.e., in business, sold or discontinued operations.

Determining the status (surviving, sold, discontinued) of a firm proved a complicated process that involved survey receipt, receipt of "status" postcards from non-respondents, mail returned from the post office, and annual membership visits of NFIB field representatives. In most instances, two independent pieces of information were used to determine the status of a business. If two pieces of information contradicted one another, the response of the owner took precedence followed by a report on the field representative's annual visit. The status of only one firm of the 2994 could not be determined positively.

The first year questionnaire focused on the owner — his background and his goals — the process of business formation, and basic information on the business. The second and third year questionnaires centered on business changes which occurred the prior 12 months. The third year questionnaire also requested reflections on his or her experiences.

Appendix III: Regression Results Of Selected "Predictors" Of New Business Survival And Growth

Survival and growth are the two most important elements in new business development. The data set allowed the authors to relate data collected in the first year with eventual survival/discontinuance and growth of the survivors. Data collected in the second year could also be related to survival/discontinuance and growth of the survivors. Since growth is contingent on survival, data collected in the third year were only relevant for exploring the factors related to growth. Thus, five fundamental sets of relationships were available to analyze.

The following diagram illustrates the relationships explored:

	Survival at the End of 3 Years	Growth at the End of 3 Years
1st Year Data	Analysis	Analysis
2nd Year Data	Analysis	Analysis
3rd Year Data	Identity	Analysis

Relating Variables to Survival and Growth

The number of observations (n) was different in each of the five basic exploratory regression sets (two on survival and three on growth). The first survival test included everyone who responded to the first year survey and whose business either survived three years or didn't survive three years (n = 2858). Respondents who owned firms that were sold during the period were excluded from the analysis (n = 136). The second survival test included everyone who responded to the first and second year surveys and whose business either survived three years or didn't survive three years (n = 1171). Each of the three growth tests included just those whose business survived three years, and who responded at least to the first and third year surveys. (Response to the first and third year surveys was necessary to obtain two points to measure employment change/growth.) Thus, the number of observations in the first growth test (responded to the first and third year surveys or first, second and third year surveys) is 877; the number for the second test (responded to the first, second and third year surveys) is

632; and, the number for the third test (responded to the first and third year surveys or first, second and third year surveys) is 877.

Survival/discontinuance is a straightforward concept. However, growth was arbitrarily defined and broken into classes in order to compensate for problems created by using small numerical bases to calculate change. The growth measure was developed based on changes in employment levels between the first year and the third year surveys. A "declining" firm was defined as one that employed at least one fewer person in the third year than in the first; a "stable" firm was defined as one that employed the same number of people in the third year as in the first, plus or minus one part-time person. This class also included non-respondents. An "expanding" firm was defined as one that added at least one employee over the period, but was not a growing firm. A "growing" firm was defined as one that employed at least 50 percent more people in the third year than in the first with a minimum absolute increase of four full-time equivalent employees.

The data set contains well over 250 independent variables ("predictors") potentially related to new business survival and/or growth. A lengthy series of regressions (not reported here) isolated those independent variables statistically related (or nearly so) to survival and/or growth in one or more of the initial runs. The procedure pared the number of independent variables to 75. Each is defined later in this appendix.

Three or four regressions are presented in the tables that follow for each of the five dependent variables. Regression 1 in each series contains the independent variables found significant or nearly significant in the initial runs. The remaining regressions attempt to separate related independent variables, e.g., employee size and initial capitalization in Year 1, and intersperse them with independent variables that either (1.) were significant with another dependent variable, e.g., franchising, or (2.) held particular interest, e.g., level of formal education. Thus, several independent variables proved to be related only to survival or growth, or were related in one year but not in another. Other independent variables were not related to any iteration of survival or growth.

It is important to emphasize that these regressions are simply exploratory, permitting the determination of multivariate effects. They do not represent tests of specific hypotheses.

Explaining New Business Formation and Growth

Many independent variables examined in the study were related to survival and/or growth, all factors equal. However, taken together these variables explained only about 9 percent of the variance in survival and only about 7 percent of the variance in growth. These results are disappointingly meagre. More was expected given the size and diversity of

the sample, the number and type of variables examined, and the breadth of literature from which these variables were developed.

A number of reasons could explain the lack of more satisfactory results. The study may have examined factors which do not have much bearing upon new business survival and growth. The models also may be missing many critical factors (an underspecified model). Some of these may be in the literature and difficult to operationalize, e.g., Kirzner's entrepreneurial alertness. Some relevant factors may be industry specific and difficult to capture in a questionnaire intended to be relevant to entrepreneurs in a broad range of industries.

A second possibility is that the measures employed are too crude — the concepts are sound and useful, but the measuring tools are so blunt that they cloud many important distinctions. For example, one survey question attempting to determine new owners' experience with the products/services they now sell, asked for the similarity between those products/services and the ones sold in the last job. But suppose knowledge of the product/service didn't come from a job at all. Or, suppose the last job didn't involve them, but the one before did. Or, suppose the last job did involve the same products/services, but the owner didn't learn much about them. Some variables which may be important are difficult to capture in a self-administered questionnaire, e.g., the extent to which the founder is skilled in dealing with customers or in assessing markets. Overly blunt measuring tools imply the need for much greater definition of concepts (probably at the expense of breadth and cost) such as Paul Reynolds' and Brenda Miller's* effort to define the business starting date in terms of first personal commitment, first employee, first sale, and first loan (financing). Unfortunately, greater definition runs into the realities of research cost and response burden including the owner's willingness to provide thoughtful responses. Under these circumstances, the trade-off is usually scope for definition.

The element of chance may be more important than many would like to think. This possibility suggests that several factors important to survival and growth occur randomly. The owner has no control over them. His sole discretion is to be alert to the opportunities chance provides. Often business owners call this phenomenon "luck" — good luck and bad luck. Most would concede that an element of chance accompanies any business venture. The issue is "how much?" It may be as some of the "population ecology" literature suggests, that backgrounds of entrepreneurs and the actions they take have little systematic relationship to the prospects

*Paul Reynolds and Brenda Miller, 1987 Minnesota New Firms Study: An Exploration of New Firms and Their Economic Contributions, Center for Urban and Regional Affairs, University of Minnesota, Minneapolis, MN, 1988.

of individual firms. Environmental conditions may play a dominant role in whether individual firms survive, particularly for very small firms of the type studied here (Hrebiniak and Joyce, "Organizational Adaption: Strategic Choice and Environmental Determinism," *Administrative Science Quarterly*, September 1985). If chance plays a substantial role in success and failure or growth and nongrowth, there may be subtantial limits to our ability to explain the survival/growth phenomenon. Moreover, it implies that the most useful business skill is recognizing opportunities.

A fourth possibility is the important role of personal values and judgments in decisions about continuing or expanding new firms. Take two owners with identical profiles. One owner may decide to forego an expansion opportunity due to hassle or perceived risk. A second may decide to forge ahead in spite of them. A similar situation arises from the response class, "Best Alternative Available." The best alternative available may mean very different things to the people involved. One owner may continue in business because absolutely no other employment alternative is available; a second may reject alternative employment opportunities that the former would accept and also continue in business. Such considerations are particularly relevant for the large number of firms in the sample that survive, but are experiencing disappointing profits.

There is lastly the possibility of survey problems related to sampling and response which are addressed in Appendix II.

A More Productive Comparison?

Initial comparisons from these data focused on firms (and their owners) that survived and those that did not. Despite the potential explanations for our limited ability to explain survival/discontinuance presented above, it is possible that the differences between them are very small. More productive comparisons which may help us better explain and understand the process of new business formations may lie elsewhere. One possibility is between the group of firms (and their owners) which appear to "Expand" and "Grow" and the group of firms which "Discontinue," "Decline," and are "Stable." Preliminary analysis suggests that many surviving firms more closely resemble discontinued firms than growing firms. Posing the question in this manner clearly takes the research in a direction not originally intended. But it may eventually prove the direction that tells us more about new business in America than any other.

Variable Definitions

ADDTRN	Professional development since entry (0,1) Yes = 1.
AGE	Age of the owner in May, 1985.
ASSCH$_x$	Increased assets over the last 12 months (0,1) Lower = 1; x = survey year.
BS1$_x$	Lower prices 40 percent or more of business strategy (0,1) Yes = 1; x = survey year.
BS2$_x$	Better service 40 percent or more of business strategy (0,1) Yes = 1; x = survey year.
BS3$_x$	More choices/selection 40 percent or more of business strategy (0,1) Yes = 1; x = survey year.
BS5$_x$	Advertising more effectively 40 percent or more of business strategy (0,1) Yes = 1; x = survey year.
BS6$_x$	Target missed/poorly served customers 40 percent or more of business strategy (0,1) Yes = 1; x = survey year.
BS9$_x$	Unavailable product/service 40 percent or more of business strategy (0,1) Yes = 1; x = survey year.
BUSCLAS	Number of business courses taken (scale, 1–5).
BUSLOC	Business located in the home (0,1) Yes = 1.
CAPINVST	Capital invested prior to first sale (scale, 1–8).
CHANG	Business changing rapidly (scale, 1–5).
CHADV$_x$	Changed advertising over last year (0,1) Less = 1; x = survey year.
CHFLOOR$_x$	Changed floor space over the last year (0,1) Reduced = 1; x = survey year.
CHPRICE$_x$	Changed relative selling prices in last year (0,1) Lower = 1; x = survey year.
CURRCAP	Capitalization after three years (scale, 1–9).
DATE	Number of months operating prior to May, 1985 (scale, 1–17).
DROP$_x$	Major change in last year — dropped products/services (0,1) Yes = 1; x = survey year.
EDUC	Level of formal education (scale, 1–6).
EXSLS1	Difference in first year sales and those expected in two years.
EXSLS2	Difference in second year sales and those expected in one year.
FRAN	Percent of total sales in franchised goods/services (scale, 1–7).
FRANNAME	Operates under a franchise name (0,1) Yes = 1.

GOVT	Impact of government in business formation compared to expected impact (0,1) More = 1.
HOURS$_x$	Hours worked in the business per week (0,1) 60 to 69 hrs/wk = 1; x = survey year.
IDEAJ	Business idea comes from a prior job (0,1) Yes = 1.
IND	Industry (0,1) Retail & Service = 0; Else = 1.
INFO1$_x$	Accountants used as an information source (0,1) Not used = 1; x = survey year.
INFO4$_x$	Government used as an information source (0,1) Not used = 1; x = survey year.
INFO10$_x$	Courses, seminars, workshops as an information source (0,1) Not used = 1; x = survey year.
INFUNDS1	Personal resources to initially finance business (0,1) Not used = 0.
INFUNDS3	Outside investors (not friends/relatives) to initially finance business (0,1) Not used = 1.
INFUNDS5	Lending institutions to initially finance business (0,1) Not used = 1.
LEFTJOB	Fired or quit prior job without specific plans (0,1) Fired/quit without plans = 1.
MGTLEV	Supervisory experience (0,1) None = 1.
MKTCUST$_x$	Expected annual growth in the market the business will serve (0,1) Don't know = 1; x = survey year.
MOTIV1	Liked the challenge a motive for business formation (scale, 1–5).
MOTIV2	Gain more respect/recognition a motive for business formation (scale, 1–5).
MOTIV9	Live where/how I like a motive for business formation (scale, 1–5).
MOVE	Moved residence to go into the business (0,1) Moved = 1.
NEWEMP$_x$	Managerial or supervisory employee(s) hired in the last year (0,1) Yes = 1; x = survey year.
NEWFUND1$_x$	Used business earnings as a source of added funds (0,1) Yes = 1; x = survey year.
NEWFUND4$_x$	Used institutional (bank) loans as a source of added funds (0,1) Yes = 1; x = survey year.
NEWLOC$_x$	Major change in last year — changed location (0,1) Yes = 1; x = survey year.
NEWNAM$_x$	Major change in last year — changed business name (0,1) Yes = 1; x = survey year.

NEWPROD$_x$	Major change in last year — added new products/services (0,1) Yes = 1; x = survey year.
ODDYRS$_x$	Owner's perceived odds of success (scale, 0–10); x = survey year.
OPCNTR	Business operating controls in writing (scale, 1–5).
OUTJOB	Devotes full time to the business (0,1) Has outside job = 1.
PARENT	Parent/guardian who owned a business (0,1) Yes = 1.
PARTN	One or more full-time business partners (0,1) Yes = 1.
PROBMKT	Market decline hurt business performance (0,1) Serious = 1.
PROBFAM	Family/health problems hurt business performance (0,1) Serious = 1.
PROBCRED	Getting credit hurt business performance (scale, 1–5).
RACE	Minority status (0,1) Racial minority = 1.
SAMCUST	Customers like those in last job (0,1) Very different = 1.
SAMPROD	Product/services like those in last job (0,1) Very different = 1.
SEX	Owner's sex (0,1) Female = 1.
SLSCOMP$_x$	Sales over the last compared to expectations (scale, 1–3); x = survey year.
SPOUSE	Married (0,1) No spouse = 1.
START	Method of business formation (0,1) Took over existing firm = 1.
TAKOUT	Amount taken out of business in third year (scale, 1–7).
TECH2I	Took high school vocational courses or training program (0,1) Yes = 1.
TIME1$_x$	Time allocated to dealing with employees; x = survey year.
TIME3$_x$	Time allocated to selling/customer contact; x = survey year.
TIME4$_x$	Time allocated to production/service provision; x = survey year.
TIME8$_x$	Time allocated to planning growth/change; x = survey year.
TOTEMP	Total average employment during the year (1 part-time = 1 full-time).
TOTJOBS	Number of full-time jobs with different organizations held prior to business formation.
UNEMCH	Change in the unemployment rate in the state in which the business is located between 1985 and 1987.
UNP$_x$	Unpaid family labor (0,1) Yes = 1; x = survey year.

Regression Results

YEAR 1 Data – n = 2858
DEPENDENT VARIABLE = Survival/Discontinuance after Three Years
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3	Regress #4
IND	1	0453		0485	0559
		(5.50)***		(2.52)*	(2.84)**
DATE	2	0493	0529	0560	0552
		(2.72)**	(2.91)**	(3.27)**	(2.98)**
TOTEMP1	3			0174	0428
				(0.87)	(2.27)*
HOURS1	5	0378	0366		0481
		(2.06)*	(1.99)*		(2.60)**
OUTJOB	6	-.0472	-.0488	-.0541	
		(-2.57)*	(-2.62)**	(-2.90)**	
SPOUSE	7	-.0642	-.0617		
		(-3.51)***	(-3.43)***		
FRAN	10		0228	0134	
			(1.24)	(0.64)	
FRANNAME	10a			0095	0110
				(0.49)	(0.58)
START	11		0313		0344
			(1.65)*		(1.78)*
AGE	15	0626	0574		0531
		(3.32)***	(2.99)**		(2.77)**
MOVE	16			0093	0228
				(0.49)	(1.21)
PARTN	17	0419	0424		0468
		(2.50)*	(2.27)*		(2.49)*
IDEAL	18		-.0366	0000	
			(-1.79)*	(0.01)	
MGTLEV	19		0076		0149
			(0.40)		(0.79)
LEFTJOB	20	-.0257		-.0275	-.0382
		(-1.40)		(-1.49)	(-2.05)*
SAMPROD	21a	-.0540	-.0813		-.0771
		(-2.88)***	(-3.50)***		(-4.08)***
SAMCUST	21b		0148	-.0252	
			(0.65)	(-1.29)	
PARENT	22	0431		0351	0310
		(2.37)*		(1.91)*	(1.68)*
EDUC	23			0094	0579
				(0.48)	(2.82)**
BUSCLAS	23a		-.0078		-.0075
			(-0.41)		(-0.35)
TECH21	24a2	0288		0219	0270
		(1.58)		(1.19)	(1.45)
TOTJOBS	25	-.0668	-.0619	-.0551	
		(-3.62)***	(-3.51)***	(-2.84)*	
BUSLOC	26	0293		0275	0330
		(1.60)		(1.47)	(1.78)*

Regression Results

YEAR 1 Data – n = 2858
DEPENDENT VARIABLE = Survival/Discontinuance after Three Years
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3	Regress #4
MKTCUST1	28a	0318		0373	0227
		(1.74)*		(2.01)*	(1.20)
INFO11	29a		-.0000		-.0107
			(-0.02)		(-0.57)
INFO41	29d	0322		0463	0327
		(1.77)*		(2.51)*	(1.74)*
BS11	30.1	-.0526		-.0347	
		(-1.79)*		(-1.88)*	
BS21	30.2	0469	0471		0496
		(2.55)*	(2.57)*		(2.64)**
BS31	30.3		-.0109	-.0101	
			(-0.60)	(-0.55)	
BS61	30.6	-.0324		-.0363	-.0339
		(-1.79)*		(-1.99)*	(-1.84)*
BS91	30.9	0351		0332	0342
		(1.90)*		(1.80)*	(1.82)
OPCNTR	31b	0561	0650		0570
		(3.07)**	(3.59)***		(3.04)**
CHANG	31d		-.0094	-.0075	
			(-0.51)	(-0.41)	
SEX	33	-.0056	-.0146	-.0159	
		(-0.30)	(-0.76)	(-0.83)	
RACE	34	-.0552	-.0602		-.0608
		(-3.04)**	(-3.30)***		(-3.29)***
CAPINVST	35	0706	0651	0642	
		(3.77)***	(3.22)**	(3.07)**	
INFUNDS1	36.1		-.0218		-.0255
			(-1.17)		(-1.35)
INFUNDS3	36.3		0044	0066	
			(0.25)	(0.36)	
INFUNDS5	36.5			-.0162	-.0239
				(-0.86)	(-1.26)
ODDYRS	39	1351	1354	1339	
		(7.47)***	(7.55)***	(7.16)***	
MOTIV1	40a	.02**		0309	0130
		(1.51)		(1.60)	(0.70)
MOTIV2	40b		-.0244	-.0166	
			(-1.51)	(-0.86)	
MOTIV9	40i	-.0419		-.0260	-.0474
		(-2.29)*		(-1.40)	(-2.54)*
UNEMCH	na	-.08.2*	-.0799	-.0841	
		(-4.57)***	(-4.40)***	(-4.57)***	
EXNDS1	na		.00**	-.0013	
			(0.62)	(-0.07)	
R		.0878	.0800	.0879	.0536
SEE		.3855	.3852	.38**	.3886
F		10.0924	8.4500	9.6404	9.2780

*significant at the .1 level
**significant at the .05 level
***significant at the .005 level

YEAR 1 Data – n = 877
DEPENDENT VARIABLE = Employee Change Over Three Years (Scale, 1-4)
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3	Regress #4
IND	1	0761 (2.11)*	1023 (2.82)*	0972 (2.65)**	
DATE	2	– 0384 (–1.15)	– 0443 (–1.31)	– 0417 (–1.24)	– 0463 (–1.36)
TOTEMP1	3		0983 (–2.75)**	– 1109 (–2.96)**	
HOURS1	5	0580 (1.72)*		0570 (1.67)*	
OUTJOB	6		– 0261 (–0.75)	– 0143 (–0.41)	
SPOUSE	7	– 0001 (–0.02)		– 0028 (–0.08)	0061 (0.18)
FRAN	10	– 0853 (–2.51)*		– 1032 (–2.44)*	– 0857 (–2.49)*
FRANNAME	10a		– 0169 (–0.47)	0257 (0.59)	
START	11		– 0661 (–1.86)*		– 0544 (–1.52)
AGE	15	– 0365 (–1.06)			– 0450 (–1.27)
MOVE	16	– 0403 (–1.17)	– 0485 (–1.41)		– 0433 (–1.24)
PARTN	17	0862 (2.50)*	0942 (2.72)**	1089 (3.12)**	
IDEAL	18	0805 (2.10)*			0975 (2.63)**
MGTLEV	19		– 0540 (–1.57)	– 0468 (–1.35)	
LEFTJOB	20			– 0135 (–0.40)	– 0050 (–0.15)
SAMPROD	21a	– 0375 (–0.99)	– 0796 (–1.77)*	– 0667 (–1.87)*	
SAMCUST	21b		0166 (0.37)		– 0244 (–0.68)
PARENT	22		– 0514 (–0.93)	– 0515 (–0.95)	
EDUC	24	0024 (0.07)			0129 (0.36)
BUSCLAS	25a		0098 (0.28)	0048 (0.14)	
TECH21	24a2			0460 (1.55)	0236 (0.69)
JOBJOB	25		0000 (0.01)	0058 (0.17)	
BUSEW	26		0594 (–1.78)*	– 0651 (–1.89)*	
MKTCYC	28a	– 0554 (–1.04)	– 0071 (–0.20)		– 0295 (–0.55)
ENRON	29a	0300 (0.88)		0195 (0.57)	

YEAR 1 Data – n = 877
DEPENDENT VARIABLE = Employee Change Over Three Years (Scale, 1-4)
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3	Regress #4
INFO4	29d		0001		0134
			(0.03)		(0.39)
BS1	30.1		0040	0078	
			(0.12)	(0.23)	
BS2	30.2	– 0042		– 0050	
		(–0.12)		(–0.15)	
BS3	30.3		– 0230		– 0169
			(–0.68)		(–0.49)
BS6	30.6			0061	– 0012
				(0.18)	(–0.04)
BS9	30.9		– 0029		0025
			(–0.08)		(0.07)
OPCNTR	31b		0000	– 011*	
			(0.01)	(–0.34)	
CHANG	31d	– 0001		– 0069	– 0171
		(–0.03)		(–0.19)	(–0.49)
SEX	33	– 0605		– 0*28	– 0*77
		(–1.71)*		(–2.06)*	(–2.19)*
RACE	34	– 0325	– 0483		
		(–0.97)	(–1.43)		
CAPINVST	35	001*		0128	0096
		(1.05)		(0.34)	(0.27)
INFUNDS1	36.1		– 0050	– 010*	
			(–0.14)	(–0.31)	
INFUNDS3	36.3	0600		0560	
		(1.74)*		(1.60)	
INFUNDS5	36.5		0281	0323	
			(0.81)	(0.93)	
ODDYRS	39	0502		0530	0606
		(1.50)		(1.56)	(1.78)*
MOTIV1	40a		0320		0426
			(0.91)		(1.25)
MOTIV2	40b		0145	015*	
			(0.40)	(0.45)	
MOTIV9	40i			003*	0083
				(0.11)	(0.24)
UNEMCH	na	– 0896	– 1114	– 098*	
		(–2.66)**	(–3.28)**	(–2.88)**	
EXSIS1	na		– 040*	– 03*0	
			(–1.20)	(–1.10)	
R		0*0*	06*5	0819	0491
SEE		84*2	8525	8481	8580
F		5.0*85	2.1*08	2.2540	1.9022

*significant at the .1 level
**significant at the .05 level
***significant at the .001 level

YEAR 2 Data – n = 1171
DEPENDENT VARIABLE = Survival/Discontinuance after Three Years
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3
IND	na	0648 (1.66)*	.0429 (1.22)	
DATE	na	0422 (1.10)	.0027 (0.08)	0207 (0.40)
HOURS2	1		0500 (1.44)	
UNP	2	0576 (1.48)		0704 (1.34)
TOTEMP2	3	0652 (1.57)		0711 (1.28)
NEWEMP	4	– 1140 (–2.78)**	– 0197 (–0.60)	
ASSCH2	8	– 0710 (–1.65)*	– 1257 (–3.29)***	
NEWFUND1	9.1		.0048 (0.14)	
NEWFUND4	9.4	– 0705 (–1.80)*		
NEWPROD	10a		– 0152 (–0.45)	
DROP	10b			0089 (0.17)
NEWLOC	10d		– 0195 (–0.55)	
NEWNAM	10e	– 0887 (–2.29)*	– 0776 (–2.24)*	
CHPRICE	10f			– 0545 (–1.02)
CHADV	10g	0633 (1.55)		0665 (1.24)
CHFLOOR	10h	– 0835 (–2.15)*		– 0436 (–0.85)
PROBMKT	11a		– 0479 (–1.27)	
PROBFAM	11c	– 159 (–4.03)***	– 1298 (–5.66)***	
PROBCRED	11f			– 1045 (–1.92)*
SESCOMP	12a			– 0950 (–1.72)*
GOVT	13j	047 (1.2)		– 0155 (–0.26)
BS1	15.1			– 0803 (–1.54)
BS2	15.2		0309 (0.86)	
BS3	15.3			– 15*** (–3.03)**
BS5	15.5	– 190 (–4.5)***	– 0604 (–1.78)*	

YEAR 2 Data – n = 1171
DEPENDENT VARIABLE = Survival/Discontinuance after Three Years
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3
BS6	15.6			-.0443
				(-0.85)
BS9	15.9		-.0442	
			(-1.27)	
ODDYRS	17	.0943	.0922	
		(2.30)*	(2.45)*	
MKTCST	18a			-.0785
				(-1.49)
INFO1	19a		.0065	
			(0.19)	
INFO4	19d	-.0306	-.0016	
		(-0.77)	(-0.05)	
INFO5	19e			-.0418
				(-0.78)
INFO10	19j	-.1179		-.1674
		(-2.94)**		(-3.14)**
TIME1	21.1			-.0592
				(-1.11)
TIME3	21.3		-.0032	
			(-0.09)	
TIME4	21.4			-.0529
				(-0.99)
TIME8	21.8		-.0865	
			(-2.49)*	
EXSLS	na		-.0207	
			(-0.60)	
UNEMCH	na	-.0438	-.0362	
		(-0.49)	(-0.70)	
R^2		.1645	.1027	.1410
SEE		.2496	.2506	.2441
F		6.7277	4.5966	2.8933

*significant at the .1 level
**significant at the .01 level
***significant at the .001 level

YEAR 2 Data — n = 632
DEPENDENT VARIABLE = Employee Change Over Three Years (Scale, 1-4)
Values are standardized coefficients — Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3
IND	na	1401	0855	
		(2.33)*	(1.64)	
DATE	na	-.0344	-.0796	-.0848
		(-0.58)	(-1.59)	(-1.32)
HOURS2	1	0735	0849	
		(1.22)	(1.67)*	
UNP2	2	-.0014		-.0901
		(-0.22)		(-1.20)
TOTEMP2	3	0746		1014
		(1.09)	(1.19)	
NEWEMP2	4	1091	0239	
		(1.60)	(0.47)	
ASSCH	8	-.0214	-.0618	
		(-0.30)	(-1.17)	
NEWFUND1	9.1		0234	
			(0.47)	
NEWFUND4	9.4			0661
				(0.85)
NEWPROD2	10a		0639	
			(1.24)	
DROP2	10b			-.0281
				(-0.38)
NEWLOC2	10d			1188
				(1.53)
NEWNAM2	10e	1517	1379	
		(2.50)*	(2.74)**	
CHPRICE2	10f		0291	
			(0.55)	
CHADV2	10g	-.0357		-.0845
		(-0.57)		(-1.09)
CHFLOOR2	10h	-.0751		-.1096
		(-1.18)		(-1.44)
PROBMKT	11a		-.0519	
			(-1.61)	
PROBFAM	11e	0029		0685
		(0.05)		(0.93)
PROBCRED	11f		-.0035	
			(-0.07)	
SLSCOMP2	12a			-.1285
				(-1.57)
GOVT	13j	0579	0904	
		(0.92)	(1.79)*	
B81	15.1			-.0225
				(-0.29)
B82	15.2		0187	
			(0.37)	
B83	15.3		0460	
			(0.91)	
B84	15.4			-.0700
				(-1.01)

YEAR 2 Data – n = 632
DEPENDENT VARIABLE = Employee Change Over Three Years (Scale, 1-4)
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3
BS5	15.5	-.1029		
		(-1.57)		
BS9	15.9		.0097	
			(0.19)	
ODDYRS	17	.1061	.1537	
		(1.73)*	(2.87)**	
MKTCUST	18a			-.1068
				(-1.42)
INFO1	19a	.0038		
		(0.06)		
INFO4	19d	.0537	.1340	
		(0.85)	(2.61)**	
INFO5	19e		-.0688	
			(-1.33)	
INFO10	19j	-.0072		-.0299
		(-0.12)		(-0.40)
TIME1	21.1			-.0620
				(-0.75)
TIME3	21.3		.0466	
			(0.91)	
TIME4	21.4			.0246
				(0.30)
TIME8	21.8		.0414	
			(0.83)	
EXSLS	na	.1189	-.0140	
		(1.90)*	(-0.28)	
UNEMCH	na	-.0422		-.1048
		(-0.70)		(-1.37)
R		.1512	.1544	.1381
SEE		.8369	.8521	.8647
F		2.5445	2.6695	1.5746

*significant at the .1 level
**significant at the .05 level
***significant at the .001 level

YEAR 3 Data – n = 877
DEPENDENT VARIABLE = Employee Change Over Three Years (Scale, 1–4)
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3
IND	na	.0998 (2.10)*	.0958 (1.19)	
DATE	na	– 0705 (–1.54)	– 0262 (–0.35)	– 0273 (–0.48)
UNP	2		– 0826 (–0.84)	0587 (1.04)
TOTEMP3	3	1948 (4.22)***	2991 (2.89)**	
NEWEMP	4	1450 (3.02)**	2132 (2.72)**	
NEWPART	5		0399 (1.50)	1182 (2.00)*
ASSCH	8	– 1990 (–4.15)***	– 2207 (–2.93)**	
NEWFUND1	9.1		0899 (1.12)	0994 (1.72)
NEWFUND4	9.4		– 0598 (–0.77)	0338 (0.58)
NEWPROD	10a		– 0646 (–0.84)	
DROP	10b	– 1165 (–2.37)*		– 0949 (–1.65)
MOVED	10c	0596 (1.21)		0282 (0.49)
NEWLOC	10d	0708 (1.50)		1099 (1.88)
CHPRICE	10f		– 0491 (–0.66)	
CHADV	10g		– 1251 (–1.66)*	
CHFLOOR	10h	– 0986 (–2.05)*		– 1208 (–2.05)*
BS1	13.1		0604 (0.75)	
BS2,3	13.2			0480 (0.84)
BS5	13.5		0219 (1.26)	
BS6	13.6			0528 (0.57)
BS9	13.9		1723 (2.29)*	
ORDERS	15	0542 (1.12)		0864 (1.66)
SERVERS	16		0769 (1.01)	0798 (1.28)
CURRCAP	17	– 3079 (–0.77)		0439 (0.89)

YEAR 3 Data – n = 877
DEPENDENT VARIABLE = Employee Change Over Three Years (Scale, 1–4)
Values are standardized coefficients – Betas
T-values are in (parentheses)

Indep. Variables	Survey Quest	Regress #1	Regress #2	Regress #3
TIME1	18.1		-.0174	.0392
			(-0.21)	(0.66)
TIME3	18.3		.0225	.0423
			(0.26)	(0.72)
TIME4	18.4	-.0038	.0201	
		(-0.08)	(0.22)	
TIME8	18.8	.1301	.1003	
		(2.68)**	(1.22)	
INFO1	20a			-.0535
				(-0.92)
INFO4	20d		.1075	
			(1.43)	
TAKEOUT	24		.0778	.1222
			(1.00)	(2.07)*
UNEMCH	na	-.1167		-.0451
		(-2.54)		(-0.79)
R		.2408	.2931	.1349
SEE		.8079	.8353	.8518
F		8.3587***	2.6579**	2.3219**

*significant at the .1 level
**significant at the .01 level
***significant at the .001 level

Appendix IV: Survey Questionnaires

NEW BUSINESSES

YEAR 1

Please mark the best answer

Please classify your **major** business activity, using one of the categories of examples below. (If more than one applies, mark the one which contributes the most toward your gross sales or total revenues.)

[1] Construction (general contractor, painting, carpentry, plumbing, heating, electrical, highway, etc.)
[2] Manufacturing and mining (including dairy processor, printer, publisher, etc.)
[3] Transportation, travel agency, communication, public utilities (truckers, movers, broadcasters, etc.)
[4] Wholesale (including grain elevator, livestock dealer, distributor of equipment, manufacturer's rep., etc.)
[5] Retail (including service station, restaurant, bar, radio and TV store, drug store, florist, apparel, etc.)
[6] Agriculture, veterinarian, forestry, landscaping, fisheries, etc.
[7] Financial, insurance, real estate, bank, savings & loan, etc.
[8] Beauty salon, barber shop, garage, motel, hotel, repair service, bookkeeping service, photographer, funeral director, rental agency, credit bureau, laundry, etc.
[9] Physician, dentist, attorney, engineer, architect, accountant, skilled nursing care facility, etc.
[10] Other (please describe) _____ 1

When did your firm register its first sale (under your ownership or principal management)? (Circle a year and a month)

YEAR	MONTH			
[1] 1985	[1] Jan	[5] May	[9] Sep	2
[2] 1984	[2] Feb	[6] Jun	[10] Oct	
[3] 1983	[3] Mar	[7] Jul	[11] Nov	3-4
[4] 1982 or before	[4] Apr	[8] Aug	[12] Dec	

2a. How long was it between your first business expenditure of $500 or more and your first cash receipt (sale)?

[1] less than one month [2] _____ months between 5-6
(number)

On average how many full and part time employees do you have (including yourself)? 7-8

_____ full-time _____ part-time 9-10

How many **unpaid** family members are there that work for the firm? (Include children that are paid some type of small payment.)

_____ unpaid family helpers 11

4a. How many hours per week **in total** do these unpaid family members work? _____ total hours of work per week 12-14

About how many hours per week do **you** work for the firm? _____ hours per week 15-16

In your first year of business, did/ do you have:

[1] A full-time job outside of your firm
[2] A part-time job outside of your firm 17
[3] Irregular work outside of your firm (exclude military reserve, etc.)
[4] No job outside your firm

In your first year of business, did/ does your spouse or other adult family member residing with you, have an income producing job other than working for your firm?

[1] No spouse at time [4] Yes, spouse, part time 18
[2] No, no job [5] Yes, other member, full time
[3] Yes, spouse, full time [6] Yes, other member, part time

What do you estimate that your gross sales or revenues were/ will be in your first year of business?

$_____.00 19-24

How large do you expect your gross sales to be in **TWO** years? $_____.00 (gross annual sales) 25-29

What percentage of these sales came/ will come from the sale of **franchised** goods or services?

[1] None [3] 10%-24% [5] 50%-74% [7] All 30
[2] Under 10% [4] 25%-49% [6] 75%-99%

10a. Does your firm operate under a franchise name (e.g., McDonald's, Ford, Texaco)?

[1] Yes [2] No 31

How did you become owner or principal manager of your present business?

[1] Started it [4] Promoted by other owners
[2] Purchased it (was from family) [5] Brought in by other owners 32
[3] Inherited it or purchased from family [6] Other _____

When you were into your business, what were your most important goals? (Indicate with a "1" the most important goal, a "2" the next most important goal, a "3" the third most important goal and a "4" the fourth most important.)

_____ a. To let you do the kind of work you wanted to do 33
_____ b. To avoid having to work for others 34
_____ c. To make more money than you would have otherwise 35
_____ d. To build a successful organization 36
_____ e. Other _____ 37

13. Why did you go into your business at the time you did? (Mark one only.)
[1] A good opportunity came along and I jumped
[2] Had been seriously considering a long time; things finally came together
[3] It was the best alternative available at the time
[4] Thought I might someday; something happened to force my hand
[5] Other _____

14. Where did you get the idea to go into this kind of business? (Mark one only.)
[1] A prior job
[2] A family business
[3] Activities of friends or relatives
[4] A personal interest or hobby
[5] Someone suggested it
[6] Education or courses
[7] A chance happening of some type
[8] Other _____

15. How old were you when you became owner or principal manager of your present business? _____ years old

16. Did you move your residence in order to go into your business?
[1] No
[2] Yes, under 50 miles
[3] Yes, 50-150 miles
[4] Yes, more than 150 miles

17. Were there other full-time partners or investors involved when you became the owner or principal manager of your business?
[1] Yes, _____ partners (number)
[9] No

18. Where did you work just before you went into your present business?
[1] Worked for a large business (more than 1000 employees)
[2] Worked for a medium business (between 100-999 employees)
[3] Worked for a small business (less than 100 employees)
[4] Had my own business
[5] Worked for a non-profit organization (military, teacher, etc.)
[6] Not in the labor force (student, housewife, etc.)

19. Before going into your present business, what was your highest level of management experience?
[1] No subordinates, supervised no one
[2] Supervised workers (office, shop, etc.)
[3] Supervised one or more managers
[4] Managed or owned own business
[5] Other

20. Which best describes the major reason for leaving your previous job: (Mark one only)
[1] Job was discontinued (firm failed, reorganized, etc.)
[2] Was laid off, fired, or on strike
[3] Quit, without specific plans
[4] Quit because of plans for the current business
[5] Left, closed down, or sold my own firm
[6] No previous job or already with this firm

21. How different is your present business from the organization you were just in? (Please indicate the degree of difference on a scale of 1 for "no difference" to 5, "very different.")

	No Difference				Very Different
a) Product or Services	1	2	3	4	5
b) Customers	1	2	3	4	5
c) Suppliers	1	2	3	4	5

22. Did your parents (or guardians) ever own their own business?
[1] Yes
[2] No

23. What level of formal education did you have before you went into your current business? (Do not include a degree or certificate earned in a vocational or technical school.)
[1] Less than high school
[2] Some high school
[3] High school graduate
[4] Some college, no degree
[5] Some college, associates degree
[6] Bachelors degree
[7] Some graduate school
[8] M.B.A.
[9] Other advanced degree
[10] Other _____

23a. How many courses did you take in business subjects, e.g. management, marketing, personnel, finance, accounting?
[1] None [2] 1 or 2 [3] 3 to 6 [4] 7 to 12 [5] 13 or more

24. Have you taken any technical, vocational, or professional development courses or training?
[1] Yes
[2] No

24a. If "yes," which describes that courses or training? (Mark all that apply)
[1] A structured program leading to a certificate, degree or license
[2] High school vocational courses
[3] Occupational training received on active military duty
[4] Occasional courses to learn business skills useful in [illegible] about any kind of business
[5] Occasional courses to learn new skills, new techniques, new products etc. [illegible] any kind of business
[6] On-site employer (non-military) sponsored training which [illegible] useful in [illegible] about any kind of business
[7] On-site employer (non-military) sponsored training which [illegible] new skills, new techniques, new products etc. [illegible] any kind of business

How many full-time jobs with different organizations, count military service as one job, did you hold from the time you left school until you entered your current business?
_____ full-time jobs

Is your business currently located in your own home (including garage, basement, wing, etc.)?
[1] Yes [2] No

Eighty percent (80%) of my business comes from customers located within a radius of:
[1] 1 mile [3] 10 miles [5] 50 miles [7] more than 100 miles
[2] 5 miles [4] 25 miles [6] 100 miles [8] don't know

During the next five years, how much average change per year do you expect in the market you are trying to serve:

	Increase Over 20%	Increase 20% to 11%	Increase 10% to 3%	Unchanged (+3% to −2%)	Decrease (−3% or more)	Don't Know
a) The number of customers will:	1	2	3	4	5	6
b) The number of competitors will:	1	2	3	4	5	6
c) Total sales for all firms providing my kind of product/services will:	1	2	3	4	5	6

When you were planning your business, what sources of information or help were important to you? Please rate each source below as follows:

	Very Important	Somewhat Important	Little Importance	Not Used
a. accountant, bookkeeper	1	2	3	4
b. friends or relatives	1	2	3	4
c. other business owners	1	2	3	4
d. government programs or information sources	1	2	3	4
e. bankers	1	2	3	4
f. trade organizations	1	2	3	4
g. lawyers, attorneys	1	2	3	4
h. generally available books, manuals, etc.	1	2	3	4
i. franchisors or suppliers	1	2	3	4
j. courses, seminars, workshops	1	2	3	4
k. other _____ (please explain)	1	2	3	4

From the list below, how would you describe your business strategy. Using a TOTAL of 100 points, please assign points to each item below that reflects its importance in your business strategy. A blank is 0 points. For example, if "low prices" were your major strategy with "better service" receiving secondary emphasis, you might assign 70 points to "low prices" and 30 points to "better service", leaving the rest blank to indicate they are not receiving special emphasis in your strategy. (Please read the entire list before scoring.)

_____ Try to keep prices lower than my competitor
_____ Try to provide better service than my competitor
_____ Provide more product or service choices and selection than my competitors
_____ Try to build a better reputation for quality
_____ Try to advertise more effectively
_____ Try to target customers missed or poorly served by my competitors
_____ Select a superior location
_____ Have a better appearance or better facilities
_____ Provide a service or product otherwise unavailable
100 points TOTAL

For each statement, write the number which indicates the extent to which you agree or disagree with each statement.
[1] Agree strongly [3] Neither agree or disagree [4] Disagree somewhat
[2] Agree somewhat [5] Disagree strongly

a) _____ Making a comfortable living is enough success
b) _____ In my business, operating controls and methods are in writing
c) _____ I am more comfortable in writing or handling technical problems rather than working on management issues
d) _____ My business is changing rapidly

Has your business been assigned a Dun & Bradstreet number?
[1] Yes [2] No [3] Don't know

What is your sex?
[1] Male [2] Female

Are you a owner or officer (currently or before) in the failing government?
[1] Yes [2] No

What was the total amount of capital invested in your business by the time you made your first sale?
[1] Under $5,000 [4] $20,000 thru $49,999 [7] $250,000 thru $499,999
[2] $5,000 thru $9,999 [5] $50,000 thru $99,999 [8] $500,000 or more
[3] $10,000 thru $19,999 [6] $100,000 thru $249,999

36. Of the above amount, please indicate approximately what percentage of the original funds invested in your firm came from:

_____% Your personal savings
_____% Friends or relatives
_____% Individual investors (not friends or relatives)
_____% Government or government guaranteed loans
_____% Bank, S&L or other lending institution
_____% Venture capital firms or other investment companies
_____% Suppliers (trade credit)
_____% Former owner(s) of the business
_____% Other (please describe) _____
100% TOTAL

37. What percent of this business do you (including your spouse and children) own?

[1] Prefer Not Answer
[2] 100%
[3] 75%-99%
[4] 50%-74%
[5] 25%-49%
[6] Under 25%

38. What are the odds of **any business like yours** succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?

No chance of success 0 1 2 3 4 5 6 7 8 9 10 Certain chance of success

39. What are the odds of **your** business succeeding, e.g., 1 chance in 10, 2 chances in 10, etc.?

No chance of success 0 1 2 3 4 5 6 7 8 9 10 Certain chance of success

PLEASE DO NOT REMOVE THIS LABEL

(Used for compiling geographic information)

40. How important were each of the following factors in your decision to go into your business? (Indicate the degree of importance on a scale of 1 for "Very Important" to 5 for "Not Important.")

	Very Important				Not Important
a. Liked the challenge	1	2	3	4	5
b. Gained greater respect and recognition	1	2	3	4	5
c. Build something for my family	1	2	3	4	5
d. Earn lots of money	1	2	3	4	5
e. Have greater control over my life	1	2	3	4	5
f. Fulfill expectations others had for me	1	2	3	4	5
g. Use my skills and abilities	1	2	3	4	5
h. No better alternatives	1	2	3	4	5
i. Live where and how I like	1	2	3	4	5

YOUNG BUSINESSES

YEAR 2

Please **mark** the best answer or fill in the blank as appropriate

1. About how many hours per week do **you** work for the firm? _____ hours per week

2. About how many hours per week **in total** do unpaid family members work?
_____ total hours of work per week.

3. On average, how many full and part-time employees do you have (including yourself)?
_____ full-time _____ part-time

4. Were any of the employees **added** in the last twelve months hired as managers or supervisors of other employees in your firm?
[1] Yes [2] No [3] No employees added

5. Are other full-time partners or investors (other than yourself) now involved in your business?
[1] Yes, _____ partners (number) [9] No

6. About what were your firm's gross sales or revenues during the last twelve months or during your last fiscal year?
$ _____ .00

7. How large do you expect your gross sales to be in ONE year? $ _____ .00 (gross annual sales)

8. Comparing the total assets of the firm today to total assets of the firm twelve months ago, about how much have total firm assets changed during the last twelve months? (Total assets include the value of all equipment, buildings, vehicles and land owned by the firm as well as cash, inventories and supplies and accounts receivable)

[1] Increased [2] Stayed about the same [3] Decreased

8a. If "increased" or "decreased" by approximately what percentage? _____ %

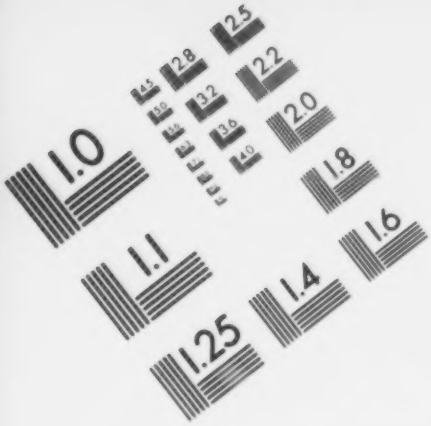
9. Which of the following have been major sources of **new** funds during the past twelve months? Please put a "1" next to the most important source of new funds, a "2" next to the second most important source, and so on. Leave blank those sources not used.

_____ funds from company earnings
_____ additional funds from owners who were owners of record 12 months ago
_____ funds from new (less than 12 months) owners or investors
_____ loans from banks or other financial institutions
_____ increases in trade credit and accounts payable
_____ other _____
(please explain)

10. During the last twelve months, have you made **major** changes in the nature of your business?

	MAJOR CHANGES MADE	
a. Added new product lines or services	[1] YES	[2] NO
b. Dropped product lines or services	[1] YES	[2] NO
c. Moved business location	[1] YES	[2] NO
d. New branches or added locations	[1] YES	[2] NO
e. Changed the name of the business	[1] YES	[2] NO
f. Changed your prices relative to your competitors	[1] HIGHER	[2] LOWER	[3] NO CHANGE
g. Changed your advertising and promotion	[1] MORE	[2] LESS	[3] NO CHANGE
h. Floor space	[1] ADDED	[2] REDUCED	[3] NO CHANGE

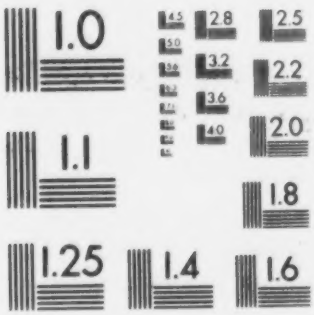
TOP



Film Identification

LEFT

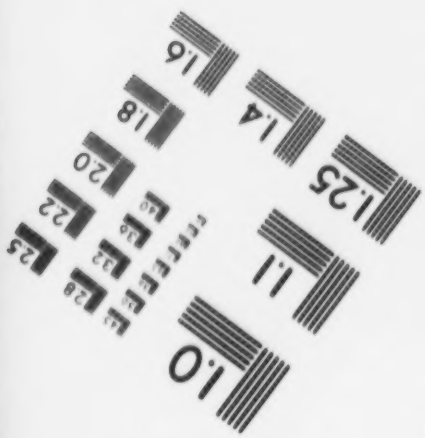
PRECISION[SM] RESOLUTION TARGETS

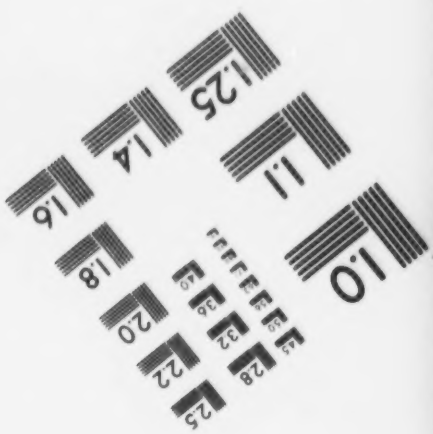


RIGHT

150 MM

6″





PA-3 8½"x11" PAPER PRINTED GENERAL TARGET

11. During the past twelve months, did any of the following **hurt** the development and performance of your business? (Please rate each from 1 = "no serious problems" to 5 = "serious problems"):

	No Serious Problems				Serious Problems
a. A decline in the **market** you serve	1	2	3	4	5
b. Competitive **pressures**	1	2	3	4	5
c. Cost or quality of labor	1	2	3	4	5
d. Cost or quality of goods, materials, etc.	1	2	3	4	5
e. Family demands, health problems, etc.	1	2	3	4	5
f. Availability of credit or finance	1	2	3	4	5
g. Other _____ (please explain)	1	2	3	4	5

12. How is your business doing today compared to the expectations you had for your business a year ago?

	Higher Than Expected	About the Same as Expected	Lower Than Expected
a. Sales are:	[1]	[2]	[3]
b. Profits are:	[1]	[2]	[3]
c. My Personal Satisfaction is:	[1]	[2]	[3]

13. In what areas have you experienced more or less difficulty **than you had expected** when you became owner or principal manager of your business? (Please rate each):

	Less Difficult Than Expected				More Difficult Than Expected
a. Developing **sales**	1	2	3	4	5
b. Hiring and managing employees	1	2	3	4	5
c. Accounting and record-keeping	1	2	3	4	5
d. Getting loans and financing	1	2	3	4	5
e. Responding to competitors	1	2	3	4	5
f. Keeping **costs** under control	1	2	3	4	5
g. Managing inventories and receivables	1	2	3	4	5
h. Planning, developing strategy	1	2	3	4	5
i. Dealing with suppliers	1	2	3	4	5
j. The cost of government regulation and red tape	1	2	3	4	5

14. Think about your **primary** competitor, that firm your customers would go to if or when they do not buy from you. Which of the following would best describe your major competition? (Mark **one** only)

[1] A firm your size or smaller
[2] A firm larger than yours, but **less** than five times your size
[3] A firm more than five times your size
[4] Difficult to say who your major competitor is

15. From the list below, how would you describe your business strategy? Using a **total of 100 points**, please assign points to each item below that reflects its importance in your business strategy. A blank means 0 points. For example, if "low prices" were your major strategy with "better service" receiving secondary emphasis, you might assign 70 points to "low prices" and 30 points to "better service", leaving the rest blank to indicate that they are not receiving **special emphasis** in your strategy. Please read the entire list before scoring.

_____ Try to keep prices lower than my competitors
_____ Try to provide better service than my competitors
_____ Provide more product or service choices than my competitors
_____ Try to build a better reputation for quality
_____ Try to advertise more effectively
_____ Try to target customers missed or poorly served by my competitors
_____ Select a superior location
_____ Have a better appearance or better facilities
_____ Provide a service or product otherwise unavailable

100 points TOTAL

6. What are the odds of **any business like yours** succeeding e.g. 1 chance in ten, 2 chances in ten, etc.?

No chance of success 0 1 2 3 4 5 6 7 8 9 10 Certain chance of success 90-91

7. What are the odds of **your** business succeeding e.g. 1 chance in ten, two chances in ten, etc.?

No chance of success 0 1 2 3 4 5 6 7 8 9 10 Certain chance of success 92-93

8. During the next five years, how much average change **per year** do you expect in the market you are trying to serve: (Circle the appropriate number for each)

	Increase Over 20%	Increase 20% to 11%	Increase 10% to 3%	Unchanged +2% to −2%	Decrease −3% or more	Don't Know	
a. The number of **customers** will:	1	2	3	4	5	6	84
b. The number of **competitors** will:	1	2	3	4	5	6	85
c. The **sales** for **all** firms providing your product or service will:	1	2	3	4	5	6	86

9. What sources of information or assistance have been most important to you in running your business during the last twelve months? Please rate each source below:

	Very Important	Somewhat Important	Little Importance	Not Used	
a. accountant; bookkeeper	1	2	3	4	87
b. friends or relatives	1	2	3	4	88
c. other business owners	1	2	3	4	89
d. government programs or information sources	1	2	3	4	90
e. bankers	1	2	3	4	91
f. trade organizations	1	2	3	4	92
g. lawyers; attorneys	1	2	3	4	93
h. generally available books, manuals, etc.	1	2	3	4	94
i. franchisor or suppliers	1	2	3	4	95
j. courses, seminars, workshops	1	2	3	4	96
k. other _____ (please explain)	1	2	3	4	97

10. What factors do you feel motivate employees the most? Please rate each factor on a scale of 1 = "very important" to 5 = "little importance":

	Very Important				Little Importance	
a. Develop personal, friendly relationships	1	2	3	4	5	1
b. Good wages and salaries; raises	1	2	3	4	5	2
c. Extensive fringe benefits	1	2	3	4	5	3
d. Share in decision-making; more responsibility	1	2	3	4	5	4
e. Close supervision	1	2	3	4	5	5
f. Profit-sharing; stock options, etc.	1	2	3	4	5	6
g. Provide a chance to learn new skills	1	2	3	4	5	7

21. **Approximately** how much of **your time** is allocated to the following activities: (Please put the approximate **percentage** of **your** time spent in these areas over the course of the last twelve months)

_____ % Dealing with employees
_____ % Record-keeping (financial, government forms, etc.)
_____ % Direct selling or customer contact
_____ % Actual production or provision of services
_____ % Maintenance, upkeep, cleaning of physical plant
_____ % Purchasing or dealing with suppliers
_____ % Cash management and arranging financing
_____ % Planning firm growth/change
_____ % Other _____
(please explain)

100% OF **YOUR** TIME — TOTAL

22. If you had enough money to live as comfortably as you would like for the rest of your life, would you continue to work, or would you stop working?

I would continue to work: [1] Yes [2] No

23. How old were you when you became owner or principal manager of your business? _____ years old

24. What is your sex?

[1] Male [2] Female

Thank you very much. Your help is appreciated.

PLEASE DO NOT REMOVE THIS LABEL
(Used for compiling geographic and industry informati

ou are no longer in business, please check here, see question 27, and return □

DEVELOPING BUSINESSES IN AMERICA

Please **mark** the best answer or fill in the blank as appropriate

YEAR 3

1. About how many hours per week do **you** work for the firm? _____ hours per week 1-2

2. About how many hours per week **in total** do unpaid family members work?

_____ total hours of work per week. 3-5

3. On average, how many full and part-time employees do you have (including yourself)? 6-8

_____ full-time _____ part-time 9-10

4. Were any of the employees **added** in the last twelve months hired as managers or supervisors of other employees in your firm?
[1] Yes [2] No [3] No employees added 11

5. Are other full-time partners or investors (other than yourself) now involved in your business?
[1] Yes. _____ partners [9] No 12
(number)

5a. Have any full-time partners or investors left the business?
[1] Yes. _____ partners [8] No [9] Never had partners 13
(number)

6. Has the individual responsible for the day-to-day management of this business changed within the last 12 months?
[1] Yes [2] No 14

7. About what were your firm's gross sales or revenues during the last twelve months or during your last fiscal year?
$ _____ .00 15-19

8. Comparing the total assets of the firm today to total assets of the firm twelve months ago, about how much have total firm assets changed during the last twelve months? (Total assets include the value of all equipment, buildings, vehicles and land owned by the firm as well as cash, inventories and supplies and accounts receivable.)

[1] Increased [2] Stayed about the same [3] Decreased 20

8a. If "increased" or "decreased", by approximately what percentage? _____ % 21-23

9. Which of the following have been major sources of **new** funds during the past twelve months? Please put a "1" next to the most important source of new funds, a "2" next to the second most important source, and so on. Leave blank those sources not used.

_____ funds from company earnings 24
_____ additional funds from owners who were owners of record 12 months ago 25
_____ funds from new (less than 12 months) owners or investors 26
_____ loans from banks or other financial institutions 27
_____ increases in trade credit and accounts payable 28
_____ other _____ 29
(please explain)

10. During the last twelve months, have you made **major** changes in the nature of your business?

		MAJOR CHANGES MADE	
a. Added new product lines or services		[1] YES	[2] NO
b. Dropped product lines or services		[1] YES	[2] NO
c. Moved business location		[1] YES	[2] NO
d. New branches or added locations		[1] YES	[2] NO
e. Changed the name of the business		[1] YES	[2] NO
f. Changed your prices relative to your competitors	[1] HIGHER	[2] LOWER	[3] NO CHANGE
g. Changed your advertising and promotion	[1] MORE	[2] LESS	[3] NO CHANGE
h. Floor space	[1] ADDED	[2] REDUCED	[3] NO CHANGE

11. During the past twelve months, did any of the following **hurt** the development and performance of your business? (Please rate each from 1 = "no serious problems" to 5 = "serious problems"):

	No Serious Problems				Serious Problems	
a. A decline in the **market** you serve	1	2	3	4	5	38
b. Competitive pressures	1	2	3	4	5	39
c. Cost or quality of labor	1	2	3	4	5	40
d. Cost or quality of goods, materials, etc.	1	2	3	4	5	41
e. Family demands, health problems, etc.	1	2	3	4	5	42
f. Availability of credit or finance	1	2	3	4	5	43
g. Other _____ (please explain)	1	2	3	4	5	44

12. How is your business doing today compared to the expectations you had for your business when you started it or became the principle owner/manager?

	Higher Than Expected	About the Same as Expected	Lower Than Expected
a. Sales are:	[1]	[2]	[3]
b. Profits are:	[1]	[2]	[3]
c. My Personal Satisfaction is:	[1]	[2]	[3]

13. From the list below, how would you describe your business strategy? Using a **total of 100 points**, please assign points to each item below that reflects its importance in your business strategy. A blank means 0 points. For example, if "low prices" were your major strategy with "better service" receiving secondary emphasis, you might assign 70 points to "low prices" and 30 points to "better service", leaving the rest blank to indicate that they are not receiving **special emphasis** in your strategy. Please read the entire list before scoring.

_____ Try to keep prices lower than my competitors 48
_____ Try to provide better service than my competitors 50
_____ Provide more product or service choices than my competitors 52
_____ Try to build a better reputation for quality 54
_____ Try to advertise more effectively 56
_____ Try to target customers missed or poorly served by my competitors 58
_____ Select a superior location 60
_____ Have a better appearance or better facilities 62
_____ Provide a service or product otherwise unavailable 64

100 points TOTAL

14. What are the odds of **any business like yours** succeeding, e.g. 1 chance in ten, 2 chances in ten, etc.?

No chance of success 0 1 2 3 4 5 6 7 8 9 10 Certain chance of success 66

15. What are the odds of **your** business succeeding, e.g. 1 chance in ten, two chances in ten, etc.?

No chance of success 0 1 2 3 4 5 6 7 8 9 10 Certain chance of success 68

16. Since forming this business, have you taken any technical, vocational or professional development courses/training or attended any professional meetings/conventions?
[1] Yes [2] No

16a. If "yes," what type(s) was it? (Check all that apply.)

[1] Structured program leading to a certificate, degree, or license
[2] Occasional courses or seminars to learn business skills useful in just about any kind of business 72
[3] Occasional courses or seminars to learn new skills, new techniques, new products, etc., found in my kind of business 73
[4] Trade/professional association meetings or conventions with speakers and/or professional exchanges 74

At this point in time, what is the total amount of capital invested in your business (by you and all other owners, investors and partners, including retained earnings)?

[1] Under $5,000
[2] $5,000-$9,999
[3] $10,000-$19,999
[4] $20,000-$49,999
[5] $50,000-$99,999
[6] $100,000-$249,999
[7] $250,000-$499,999
[8] $500,000-$999,999
[9] $1,000,000 or more

Approximately how much of **your time** is allocated to the following activities: (Please put the approximate **percentage** of **your** time spent in these areas over the course of the last twelve months)

_____ % Dealing with employees 76-77
_____ % Record-keeping (financial, government forms, etc.) 78-79
_____ % Direct selling or customer contact 80-81
_____ % Actual production or provision of services 82-83
_____ % Maintenance, upkeep, cleaning of physical plant 84-85
_____ % Purchasing or dealing with suppliers 86-87
_____ % Cash management and arranging financing 88-89
_____ % Planning firm growth/change 90-91
_____ % Other _____ 92-93
(please explain)

100% OF **YOUR** TIME – TOTAL

Since your first year in this business, have the average wages/salaries paid to your employees (for a person in a comparable job) increased, decreased or stayed about the same?

[1] Stayed the same
[2] No employees
[3] Increased by about _____%
[4] Decreased by about _____% 94-96

19a. Since your first year in this business, have the number and/or quality of the benefits provided your employees, e.g. paid vacations, insurance, etc., increased, decreased, or stayed about the same?

[1] Increased [2] Decreased [3] Stayed the same 97

What sources of information or assistance have been most important to you in running your business during the last twelve months? Please rate each source below:

	Very Important	Somewhat Important	Little Importance	Not Used	
a. accountant; bookkeeper	1	2	3	4	1
b. friends or relatives	1	2	3	4	2
c. other business owners	1	2	3	4	3
d. government programs or information sources	1	2	3	4	4
e. bankers	1	2	3	4	5
f. trade organizations	1	2	3	4	6
g. lawyers; attorneys	1	2	3	4	7
h. generally available books, manuals, etc.	1	2	3	4	8
i. franchisor or suppliers	1	2	3	4	9
j. courses, seminars, workshops	1	2	3	4	10
k. other _____ (please explain)	1	2	3	4	11

If you had a son or a daughter that wanted to go into business for himself/herself, to what extent would you approve or disapprove? (Circle the number which best describes your degree of approval or disapproval.)

Completely Approve 0 1 2 3 4 5 6 7 8 9 10 Completely Disapprove 12-13

22. To what extent has ownership of this business satisfied the following personal objectives: (Indicate the degree of satisfaction from 1 for "Very Satisfied" to 5 for "Not Satisfied".)

	Very Satisfied				Not Satisfied
a. Overcoming a challenge	1	2	3	4	5
b. Gaining greater respect and recognition	1	2	3	4	5
c. Building something for my family	1	2	3	4	5
d. Earning lots of money	1	2	3	4	5
e. Having greater control over my life	1	2	3	4	5
f. Fulfilling expectations others have for me	1	2	3	4	5
g. Using my skills and abilities	1	2	3	4	5
h. Having steadier employment	1	2	3	4	5
i. Living where and how I like	1	2	3	4	5

23. Looking back—knowing what you know now—would you go into this business again?
[1] Yes, I would do things pretty much the same way
[2] Yes, but I would make some major changes in the way I did it
[3] No, I would not go into this business again
[4] No, I would not go into **any** business again

PLEASE DO NOT REMOVE THIS LABEL
(Used for compiling geographic and industry informat

24. Approximately how much money were **you** personally able to "take out" of your business during the last 12 months (including salary, draw, dividends, etc.)?

[1] Prefer not to answer	[3] $10,000-$14,999	[5] $25,000-$34,999	[7] $50,000-$74,999
[2] Under $10,000	[4] $15,000-$24,999	[6] $35,000-$49,999	[8] $75,000 or more

25. How old were you when you became owner or principal manager of your business? _____ years old

26. What is your sex?
[1] Male [2] Female

27. (Optional) If someone came to you for advice or suggestions about going into business, what would you tell them

_____

_____

_____

_____

Thank you very much. Your help is appreciated.

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